

Northwestern BANKER

DES MOINES

April, 1932

Why Work One-Day-Per-Week
for the Government?

By Melvin A. Traylor

(See Page 11)



MELVIN A. TRAYLOR
President, First National Bank
Chicago

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Northwestern Banker

Des Moines

The Oldest Financial Journal West of the Mississippi

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Figures compiled by the Trans-Atlantic Conference show that a grand total of 939,468 people traveled east and west across the Atlantic in 1931.

This year many thousands will go to Europe from America for pleasure, business, or other purposes. While the total number of voyagers may be somewhat reduced, the steamship lines have shown their confidence by building new ships which are going into service this summer. Exchange rates and other factors have reduced the cost of foreign travel. Americans in all walks of life now swell the vast army that pours across the Atlantic into the Old World. International events, conferences, diplomatic visits, regattas, races, and a thousand and one other attractions lurk in the horizons of Europe to lure Americans to taking Trans-Atlantic vacations.

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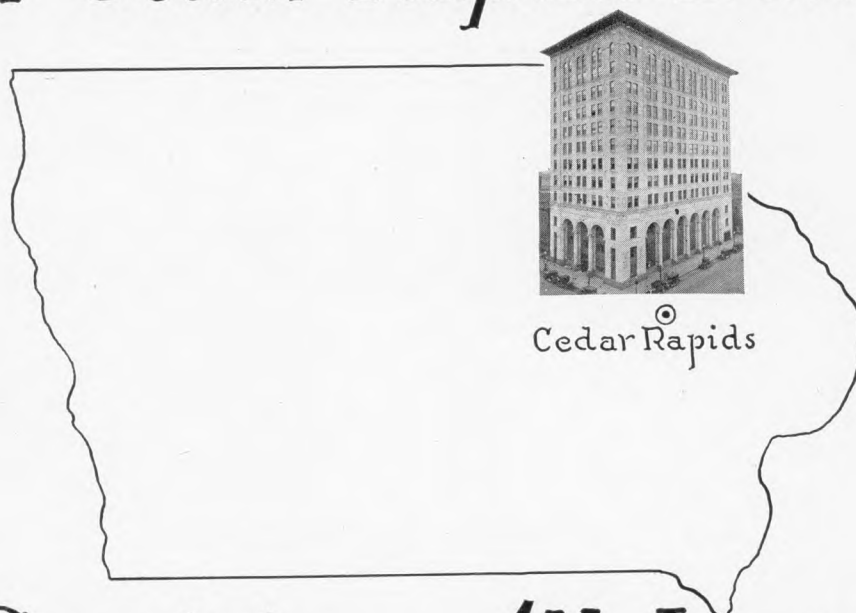
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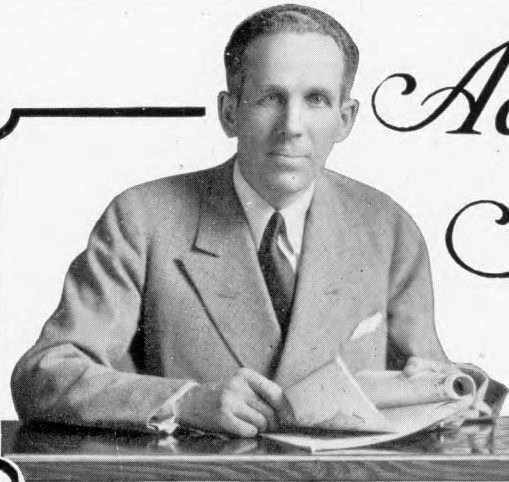
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Cedar Rapids

Iowa



Across the Desk from the Publisher

By Clifford DePuy

Once Again—Shall We Guarantee Bank Deposits?

The latest solution proposed for re-establishing confidence and diminishing the amount of money being hoarded has been proposed by Representative Steagall of Alabama, who is suggesting that a fund of \$500,000,000 be established to guarantee deposits of all member banks of the Federal Reserve System.

His plan includes the following propositions:

1. A banking fund of \$500,000,000 to guarantee deposits of all member banks of the Federal Reserve System.
2. The establishment of a board of 5, headed by the secretary of treasury to administer the fund and liquidate the obligations of all insolvent banks by stated installments over a period of 20 months.
3. That no new national banks shall be chartered with less than \$50,000 capital and 10% surplus.
4. The right of member banks to impose reasonable charges for the remittance of checks.
5. One-half of the net earnings of the Federal Reserve Banks would be distributed to member banks.
6. Stockholders would be relieved of double liability except as to banks that operate branches.
7. The \$500,000,000 guaranty fund would cost the government nothing and would come from the following sources:
 - A. The \$187,000,000 fund held by the treasury representing franchise taxes paid by member banks.
 - B. A \$200,000,000 fund contributed by member banks in the form of assessments on the basis of their time and demand deposits.
 - C. An annual assessment of as much of a

total of \$100,000,000 as may be necessary against the deposits of member banks.

Frankly, I am, and have been, opposed to the guarantee of bank deposits, first of all, because I think it places a good banker in a disadvantageous position by allowing the poor banker to do as he pleases because he knows full well that if his bank does close that the guarantee fund will pay the losses.

Another reason why I am opposed to the guarantee of bank deposits is because in every state where it has been tried it has been found to be ineffective and has eventually been removed from the statute books of the state. The most recent fiasco in this regard has taken place in Nebraska where state banks have refused to pay assessments which they think confiscatory and the case has been in litigation for some time.

“Advocates of protection for depositors do not seem able to get away from this idea of assessments, notwithstanding that it is the rock upon which the guarantee systems in eight different states crashed,” says a recent communication from the Nebraska Bankers Association. “We make the prediction that no system of guarantee of deposits can be made successful on this assessment principle because it inevitably lowers the standards of banking, despite the well meaning efforts of champions of the idea.

“Our committee does not anticipate that there will be any division of opinion among Nebraska bankers on the point that any proposal of a guarantee of deposits based upon the principle of assessing the banks annually on their deposits will receive our bitterest opposition.”

Another point which Representative Steagall perhaps overlooks is the fact that if all of the member banks of the Federal Reserve System of which there are 7,246 (6,368 National banks and 878 state banks), were under a guarantee of bank de-

posits law, WHAT about the 21,122 state and savings banks or non-member banks which would not have such a law?

If the public was led to believe that member banks were stronger and in a better position to safeguard deposits because of the guarantee law, this would certainly be unfair competition for non-member banks until such a time as the guarantee of the deposits failed to function as it has in every previous case where it has become a law.

Frankly, I do not think that the Steagall Guarantee of Bank Deposits Law should be passed and I think that it will probably not be.

Unnecessary Waste

In these days when we hear much about the "balancing of the budget," I have been interested in keeping a list of the various pamphlets and booklets which have reached my desk in the last thirty days from the different departments of the government. This material seems to me to represent an almost complete and total loss as far as being of any real value to the branches of business which they are supposed to serve.

Just to give you an idea of some of the subjects covered by these various bulletins, I am listing the following:

Department of Commerce Bureau of Census

1. Shipments of Domestic Pumps and Water Systems.
2. Men's and Boys' Clothing Cut.
3. Radio Merchandise.
4. Bathroom Accessories.
5. Box Board.
6. Galvanized Metal Ware.
7. Fabricated Structural Steel.
8. Commercial Steel Castings.
9. Methanol and Acetate of Lime.
10. Steel Barrels.
11. Domestic Water Softening Apparatus.
12. Babbitt Metal.
13. Malleable Castings.
14. Pulverizers.
15. Electric Hoists.
16. Superphosphates.
17. Work Clothing.
18. Edible Gelatin.
19. Paint, Varnish and Lacquer Products.
20. Glues of Animal Origin.
21. Plumbing Brass.

Department of Interior

1. Inventory of the Water Supply on the Snake River Plains in Southeastern Idaho.
2. Revised Maps of Areas in Coal Regions of

West Virginia Showing Changes in Twenty Years.

3. Map Shows Where Ice Sheet Stopped.
4. Typical Flood Plain Shown on New Map.
5. The Crookedest River in the United States.

Department of Agriculture

1. Farm Price Index Down Three Points.
2. Conflict in Shanghai Affects Delivery in American Cotton.
3. Hyde Selects Men to Handle Farm Loans.

Bureau of Mines

1. Explosive Crushing of Minerals.
2. Motor Gasoline Survey.
3. Soapstone.
4. Geophysical Abstracts.
5. How to Prevent Death and Injury from Falls of Roof in Coal Mines.
6. Economic Size of Metal-Mine Airways.
7. Sampling and Explorations by Means of Hammer Drills.

I am not saying that some of this information is not helpful and valuable, but I know that with all of the fine business, trade and technical publications which we have in America that most of this information has reached the various lines of industry most vitally affected long before these bulletins are sent out by the different departments of our government.

Consequently, here is a large amount of waste, much of which could and should be eliminated.

The Importance of Railroads

I was greatly impressed with the real importance of our railroads from an investment angle when studying some figures recently which indicated that the total amount of railroad bonds issued in the United States amounts to \$11,000,000,000 and that railroad bonds held by corporations and individuals amounted to \$4,400,000,000 and bonds held by institutions amounted to \$6,600,000,000.

Of the bonds held by institutions I notice that life insurance companies owned \$2,600,000,000, mutual savings banks, \$1,700,000,000, commercial banks, \$1,016,000,000, and the balance was divided among educational and philanthropic organizations.

Obviously our railroad systems must adjust themselves to the new competition of buses, automobiles, and airplanes, but at the same time only sound legislation and a fair adjustment of rates and taxes must be enacted if these great arteries of commerce are to continue to pay a satisfactory rate of return on their bonds and continue to function as a part of our great economic system.



"The Year's At the Spring" is from an original painting by Chester K. Van Nortwick. In this study he has injected the very spirit of this season of seasons, a glimpse of the ideal springtime setting.

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The Duties and Responsibilities of a Bank Director

THE experience of the comptroller's office has shown conclusively that many bank directors have little or no conception of their duties and responsibilities and that some directors ignore their duties even when called to their attention. It is for this reason that the comptroller's office feels that the subject under discussion is of great importance and that the active officers of banks should make available to their directors such information as will enable them to better understand their duties and responsibilities. Such a course will not only make for better banks but is one to which the directors are entitled.

The economic policy commission of the American Bankers Association in a report recognizes the importance of the subject, and much has been written in regard thereto but the lack of knowledge of their responsibilities still remains the cause of many bank failures. I believe that the American Bankers Association could do no better thing to promote sound bank management than to carry out a plan of education of bank directors in their duties and responsibilities.

Nature of Trustee

WHY do we place such emphasis on the duties and responsibilities of bank directors as compared with other corporations? Directors of private corporations, as a rule, have as their principal object the interest and protection of what may be termed their partners in business, stockholders, and also the bondholders. The directors of the banks, quasi public corporations, have their first duty to the depositors of these institutions and this duty comes above their duty to the stockholders. They are in the nature of trustees.

When the depositor places his money in the bank he in effect says: "In consideration of receiving my money and any interest paid, you can have its use but only on the condition that its use conforms to the safeguards provided by law." Such safeguards are not merely the mechanical safeguards surrounding the proper custody of funds but cover all the many phases of banking, provided by statutory enactment or court decision. On whom does the responsibility of this contract fall?—the directors?

In most banking laws, and particularly the national law, the whole structure is built around the directors. It is upon the directors that the national bank law places the management of national banks in specific language, when it provides:

"The affairs of each association shall be

By F. G. AWALT
Deputy Comptroller of the Currency

managed by not less than five directors . . ."

It is the director who is held responsible for any violation of the National Bank Act when it provides:

"Every director . . . shall be held liable in his personal and individual capac-

The final and inescapable responsibility of and for each bank rests upon its board of directors. In most cases where banks have come through the rigors of the depression each has had the benefit of the combined wisdom of a strong board.

The experience of the past shows that the weakness of the individual is overcome by the strength of the group; that impulses may be checked by the steady scrutiny of several; that invaluable information may be brought into use and a detached viewpoint be brought to bear upon the problems of banking through the united cooperative action of a board of directors.

Many directors do not really comprehend the significance nor the importance of their positions. Management tends to drift and become centralized in the hands of either officers only or a close group of directors, so that action by the board as a whole becomes more or less perfunctory.

ity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation."

It is the director of the member bank who is held responsible for violations of the Federal Reserve Act by the provisions of that act.

The director is required by the National Bank Act when elected or appointed to take an oath that he will, so far as the duty devolves on him, diligently and honestly administer the affairs of such association and will not knowingly violate, or willingly permit to be violated any of the provisions of the act.

I might say in this connection that there has been a recent decision, comparatively recent, by the circuit court of appeals of the tenth circuit, United States Court, holding that a director's oath is a contract.

Not Figureheads

OBVIOUSLY the law did not contemplate that a director should be a figurehead; that he should attend meetings merely to get his director's fee and in this connection I was told recently by a president of a bank that it was necessary to increase the directors' fee in order to get some of the directors of that particular bank to attend meetings—a procedure that certainly should be unnecessary.

Since the duties and liabilities of directors are interwoven, the definition of their duties has in some measure been given in suits to enforce liability, and while the courts have used different language in defining the general duties of directors, a clear idea of their scope may be gained from the following excerpts of decisions:

"The duty of the board of directors is not discharged by merely selecting officers of good reputation for ability and integrity, and then leaving the affairs of the bank in their hands without any other supervision or examination than mere inquiry of such officers, and relying upon their statement until some cause for suspicion attracts their attention. The board is bound to maintain a supervision of the bank's affairs, to have a general knowledge of the character of the business and the manner in which it is conducted, and to know at least on what security its large lines of credit are given.

"Directors of a national bank must exercise ordinary care and prudence in the administration of the affairs of a bank, and this includes something more than officiating as figureheads. They are entitled under the law to commit the banking business, as defined, to their duly authorized officers; but this does not absolve them from the duty of reasonable supervision, nor ought they to be permitted to be shielded from liability because of want of knowledge of wrong-doing, if that ignorance is the result of gross inattention.

"It is the duty of directors of a national bank to exercise reasonable control and supervision over its affairs, and to use ordinary care and diligence in ascertaining the conditions of its business, which is such care as an ordinary prudent and diligent man would exercise in view of all the circumstances.

"A board of directors of a banking corporation is elected primarily for the management of the corporate affairs; and when the board delegates its authority to the executive officers and through their carelessness and mismanagement disaster and loss to the stockholders and creditors

ensue, the individual members of the board cannot escape liability by showing that they did not know of the unfortunate transactions and were ignorant of the business of the corporation."

Liability of Directors

THERE are two main divisions of directors' liability—statutory and common law. Under the statutory may be listed such liabilities as loans in excess of the limit as fixed by law; injury or damage to persons relying on false reports of condition of a bank; dividends paid out of other than net profits, after deducting therefrom all losses and bad debts; payment of dividends or making of loans when reserves with the Federal Reserve Bank are deficient; unlawful, prohibited, or ultra vires transactions and operations.

Under common law liability may be listed the making of loans when the security taken is insufficient, certifying or permitting to be certified checks on insufficient or overdrawn accounts; failure to appoint a discount and loan committee, or an examining committee of the directors when required by the by-laws and/or the volume of the bank's business, or a failure to see that such committees function if

appointed; failure to audit or examine the affairs and condition of the bank periodically, or to cause same to be audited or examined; failure to use reasonable efforts to collect slow or doubtful assets. The directors may also be liable for allowing overdrafts; for damages resulting from a failure to charge off assets at the direction of the examiner, or representing such assets to be good after such notice; for losses resulting from failure to require proper bond from officers and employees of the bank.

The directors can not discharge the duties incident to their office by holding meetings at rare intervals and limiting the business of such meeting to such perfunctory matters as electing officers; and for failure to attend meetings, even though residing at a distance, the directors may be held liable, and they can not shield themselves from liability by pleading ignorance of transactions in which they did not participate, when their ignorance is a result of their negligent attention.

The defense offered of not attending meetings is a common one. One example of this character is very vividly impressed on my mind—that of a distinguished United States Senator and the director of a failed national bank, now dead, whom I

admired and liked. When told by the comptroller that he was to be sued on account of director's liability, he was astounded and took the position that since he was attending to his duties in Washington he could not attend meetings of the directors, that he had had implicit confidence in those who were running the bank and it was not his fault. He was sincere in his contention but by his own admissions made out a case against himself. We ventured the opinion that unquestionably many people had deposited in the bank because he was on the board and they had confidence in him, and he had violated that confidence by paying no attention to the business. He left the office with the remark that he would not pay a cent. He never did, for he died after the suit was filed, but his estate paid.

It is the duty of the comptroller's office, when a national bank has failed and there is sufficient cause, to collect for the depositors on the directors' liability. Often failure of the bank means the financial failure of the directors and there is nothing to collect but it may be noted in the last three years we have recovered for the depositors of failed banks from this source over two million four hundred thousand dollars.

Bankers Praise Reconstruction Corporation Results

BOTH the actual and moral effects of the newly created Reconstruction Finance Corporation have been excellent during the short time the corporation has been actively functioning, according to representative bankers. The Iowa committee, as well as the Minneapolis and Omaha headquarters of the gigantic corporation, were hard at work last month, actually approving loans and putting the credit of the government back of needy lines of business.

One of the most tangible results of the work of the corporation, according to W. H. Brenton, president of the Iowa-Des Moines National Bank and Trust Company, Des Moines, is the decrease in the number of bank failures.

A campaign is now on to educate Iowa bankers to use the corporation. All banks which have not already done so are being urged to contact the corporation.

Mr. Brenton said banks should make use of loans to offset deposit declines; to give them strong reserves, and to allow them to make legitimate loans.

"We are stressing to banks the necessity of being able to make loans to good customers on good security," he said.

"We do not suggest loans be made for long terms or for speculative purposes. But we do urge that money be borrowed for legitimate purposes, such as restocking farms, paying interest and paying taxes.

"There is plenty of money available for banks to borrow and to loan to their customers on good securities for short time terms."

The moral effect of the Reconstruction Finance Corporation is as important as its actual transaction, in the opinion of Grant McPherrin, president of the Central National Bank and Trust Company, Des Moines, former treasurer of the American Bankers Association, who says:

"The corporation was organized to disperse fear as much as for any other reason. He described how money is hoarded in times of depression through fear of a scarcity of money."

This holding of money, he said, in turn acts to make a scarcity. When something functions to give confidence that money is available, then money is not held, he said.

"Our instructions," he said, "are to be liberal. We are to lend money on any sound collateral."

In a recent address on the work of the corporation, B. F. Kauffman, president of the Bankers Trust Company, Des Moines, said that permanent relief from our present financial trouble will come only when people start spending instead of hoarding. Meanwhile, he said, the Reconstruction Corporation is doing a great work.

Mr. Kauffman said:

"It doesn't make any difference what you buy if you can afford it," he declared. "Buy your girl a fur coat, buy a set of dishes, buy anything, and throw them all away if you want to, but buy."

He said that more than \$10,000,000 in Reconstruction Finance Corporation funds is ready to be loaned in Iowa. Applications for loans have been denied only two banks, he declared.

The corporation was formed first to enable banks to pay depositors, and second and most important, to cause expansion where expansion is advisable, Mr. Kauffman said.

"This is leading to inflation," he said, "and that is one of the very things we are trying to create. Commodity prices will rise only through inflation."

(Turn to page 18, please)

Why Work One-Day-Per-Week for the Government?

By MELVIN A. TRAYLOR

President, First National Bank, Chicago

WONDER if it has ever occurred to you that before the individual, the corporation, industry, commerce, or any of the other activities that make up the economic structure of this great country can earn one dollar for those interested, they must contribute approximately \$33,000,000 per day for each working day in the year for the support of the state and local governments, and approximately \$13,000,000 per day in addition for the support of the federal government. Translated another way and based upon the estimated total annual income of \$70,000,000,000 for the United States from all sources for 1930, approximately twenty cents out of each dollar, or \$14,000,000,000 of this total annual income, is required solely to carry on the machinery of our multiple governing bodies; and further, the tax bill is approximately \$110 annually for every man, woman and child in the United States proper.

Compare this tax bill of \$14,000,000,000 with certain major items in our national income. It exceeds by \$2,000,000,000 the gross farm value of all agricultural production—crops and live stock—in the United States in 1929. It is only 7 per cent less than the total salaries and wages paid in 1929 to 10,178,000 officers and employes of over 210,000 manufacturing establishments in the United States.

What Is the Cause?

WHAT brought about this condition, and who is responsible? The condition exists, I think, in a large measure, because we, the people, permitted it, and we, the people, are responsible; for after all, government in this land of ours, whatever else we may say about it, is by and large the shadow of public will, and the tax burden of today is largely the result of public demand. We have called upon our governments for this service and that, for this luxury and the other—not counting the cost and ignoring our ability to pay, until now it is perfectly evident that during the joyride of the last decade our Pegasus of government has thrown a shoe and has gone exceedingly lame. I do not know if still "Under the spreading chestnut tree the village smithy stands." Probably in his place there is a gasoline filling station or a garage, but there is no mistaking the fact that we, the people, and our government horse need a shoe—designated by number it should be a big one, perhaps a number twelve. However, a better designation, I think, would be in quality, for such a shoe should combine efficiency, thrift and economy, three essentials which should be practiced first in the home, then progressively developed in our local and state affairs and finally in the federal treasury.

When we have completed our task, I believe we shall discover that the question of taxation, aside from the question of revenue for the payment of existing debts, is primarily one of reducing future expenditures. This objective will not be accomplished unless there is a drastic change in the public attitude toward government responsibility. In other words, we cannot continue to demand of our governmental

Bureaucracy in government, paternalism, increasing numbers on the public pay roll, unjustifiable multiplication of government departments and services—these are our children as well as yours. They are the outgrowth of public demand as well as the objects of legislative approval. But, while the public cannot shirk its responsibility in this respect, I believe that those who represent the management in the business of government have not always fearlessly used the facts which they possess to educate the public on the folly of those demands whose ultimate outcome has been an unbearable tax burden.

agencies that they perform for us the increasing number of things we have been requiring of them in the past—things we should do ourselves, and at the same time expect those responsible for government to reduce the cost of its administration.

The tendency of the states to request or permit the assumption by the federal government of the exercise of functions which should be forever sacred to the states is alarming in the extreme and has already resulted in the building up of a bureaucracy in Washington at once expensive and inefficient, and calculated in the end to rob the states of the sovereignty which the founders of our government intended they should forever maintain. In a large way this tendency cannot be laid at the door of the federal congress, but is directly

traceable to the abject surrender by state administrations of those rights and duties which they should maintain, but which they, and sadder still to relate, the people, shamelessly implore the federal administration to assume.

"Federal" Aid

THE seductive fallacy of federal aid seems to dull the senses and lull to sleep the pride in local self-government and the joy of independence which characterized our forefathers, and unless we are willing to surrender to federal bureaucracy the independence of thought and action with which we have governed ourselves for a century and a half, we, the citizens, of the states, must reverse our course and rededicate our efforts to the resurrection of our self-respect and new confidence in our ability and determination to manage our own affairs.

In the meantime, however, almost every governing body from the humblest school district to the federal congress finds itself faced with the dire necessity of increasing revenue to meet treasury deficits and preserve its credit structure. My own state, Illinois, and especially my adopted city, can give you tragic examples of fiscal difficulties. In every instance, however, the primary effort has been how to get more revenue, not how to reduce expenses.

But let us not lose sight of the fundamentals in this problem of taxation. The immediate emergency is the fact that certain units of our government are confronted with deficits in their operations. Serious as these emergencies are in some communities, the cold facts are that they are only incidental to the fundamental problem. The fundamental problem, whose solution those charged with the administration of government must not evade, is the fact that government expenditures have been increased to a point where the burden has brought disaster to thousands of taxpayers in every part of the country.

And what are the results? Today tax levies equal the estimated equivalent of one day's labor every week from every man, woman and child in the United States. Only a short time ago, one out of every twenty-two persons gainfully employed was on the public pay roll; today it is one in every eleven; and it is said that at the present rate we shall in only a little over twenty years have one person on the public pay roll for every individual paying taxes.

One million acres of land in a middle western state are taken over by the counties of that state for unpaid taxes. Another state has an \$18,000,000 deficit; still another state with \$10,000,000 in signed contracts for certain projects is unable to raise a single dollar to carry on these pro-

jects. Delinquent taxes are at least twice as great as in 1930, and the percentage is as high as 60 per cent, 70 per cent and 80 per cent in certain communities. Schools are closed, bond issues are in default, hundreds of communities are tax bankrupt. Those are the basic facts which we cannot, must not, dare not evade.

It is one thing to spend time in the council chambers and legislative halls of this country in discussing the advantages of certain types of new and supplementary taxes. Do not misunderstand me. No thoughtful student of this subject can minimize the great importance of a thorough re-examination of our entire taxing system and machinery. But it is another thing, and perhaps requires greater statesmanship, to deal courageously with the heart of this whole problem, which is the absolute necessity of reducing governmental expenditures to a point where they cease to be an unbearable burden on the backs of American citizens. Let us not lose sight of this fundamental fact—that in the solution of that part of the problem lies the very destiny of democratic government itself.

Nor am I unmindful of the difficulties that confront honest and capable public officials of our national and state legislative bodies in accomplishing this objective of lowering government expenditures drastically. As I have said, I do not deny that as citizens we have seemingly known no limits in our demands upon government for increased services and facilities—de-

mands, may I add, whose satisfaction it has been almost impossible for men in public office to refuse and still retain their offices—demands, whose fulfillment has exacted a tremendous toll in increased taxes. I do not deny these facts; I regretfully affirm them.

Government Waste

BUREAUCRACY in government, paternalism, increasing numbers on the public pay roll, unjustifiable multiplication of government departments and services—these are our children as well as yours. They are the outgrowth of public demand as well as the objects of legislative approval. But, while the public cannot shirk its responsibility in this respect, I believe that those who represent the management in the business of government have not always fearlessly used the facts which they possess to educate the public on the folly of those demands whose ultimate outcome has been an unbearable tax burden.

The American public cannot deny its responsibility for the present tragic tax situation in many communities. But that does not excuse those who have in their hands the management of government for lacking that degree of leadership which would courageously have given the citizens of this country the plain facts about the course we were pursuing. That is the unescapable duty of government, and when the management of government fails to function in that respect, it is unworthy of its leadership.

Fiscal difficulties are not, however, simply the result of the economic depression. As early as 1927, similar problems were receiving intensive study in Massachusetts, one of the oldest states of the union. In that year a special tax commission for the state submitted a short statement of principles of taxation which I have found very interesting. The report said:

“A person resident within the commonwealth should not escape taxation because all his property is located outside of the commonwealth, nor should property within the commonwealth escape taxation because it is owned by a non-resident. A tax system, therefore, should have two principal features: Taxes should be laid in part on persons because of the benefits which accrue to them from government irrespective of their ownership of property, and in part on property, or more accurately upon the owners or users of property, because of the benefits which accrue from government to property as such or to the owners or users thereof by reason of such ownership or use. Accordingly the resident of the commonwealth who owns no property located within the commonwealth should pay the tax laid on persons, but not the tax laid on property; the non-resident who owns property located within the commonwealth should pay the tax laid on property, but not the tax on persons; and the resident of the commonwealth who owns property within the commonwealth should pay both taxes.”

(Turn to page 18, please)

The World's Largest Banks

THE largest banks in the English speaking world from the standpoint of deposit liabilities are The Midland Bank, Ltd., London, with \$1,753,144,449; Barelays Bank, Ltd., London, with \$1,633,027,773; Lloyds Bank, Ltd., London, with \$1,624,123,591; Chase National Bank, New York, \$1,459,114,880, and National City Bank, New York, with \$1,418,702,860.

This is the information contained in the booklet “The Deposit Liabilities of One Hundred and Fifty of the largest American, British, Colonial and Dominion Banks,” which for the sixth consecutive year has been compiled by California Bank of Los Angeles, California, and which is distributed internationally. The deposits of the American banks are of December 31, 1931, and of the other banks from the latest statements available.

The departure from the gold standard has affected many of the British currencies, but in order to facilitate comparison with previous years, California banks deemed it advisable to convert at par of exchange.

Deposits of the 91 American banks are \$20,139,535,677 and of the 59 British banks \$18,449,806,299. Nineteen American banks have head offices in New York with deposits totaling \$9,080,227,469, while 22 British banks have head offices in London with deposits amounting to \$10,960,942,655.

Listed in the brochure this year are the following nine banks which did not appear in the 1931 issue: Northern Trust Company, Chicago, No. 110; Belfast Banking Company, Belfast, No. 122; Mercantile Bank of India, London, No. 136; United States Trust Company, New York, No. 142; Federal Reserve Bank, Atlanta, No. 144; Lincoln Alliance Bank, Rochester, No. 145; Central Trust Company, Cincinnati, No. 148; Union Trust Company of Maryland, Baltimore, No. 149; Central Bank of India, Ltd., Bombay, No. 150.

Banks which made gains of 20 places or more were First Union Trust & Savings Bank, Chicago; Central Republic Bank & Trust Company, Chicago; Guardian National Bank of Commerce, Detroit; Ham-

bros Bank, Ltd., London; Girard Trust Company, Philadelphia; Federal Reserve Bank, St. Louis; First National Bank, Pittsburgh.

In number of banks San Francisco with nine banks in the list ranks second to New York, followed by Chicago and Philadelphia, each with seven; Cleveland with five; Boston, Los Angeles, Pittsburgh and St. Louis with four each and Baltimore and Buffalo with three each.

The British banks are domiciled or conduct their principal business in all parts of the far-flung British Empire; England, nineteen; Scotland, eight; Canada, eight; Australia, eight; Ireland, six; the Orient, six; South America, two; South Africa, one; New Zealand, one.

The brochure does not include deposits of purely savings institutions nor have deposits of subsidiaries or controlled companies been included. With some of the larger banks, the “Big Five” of London, for example, deposits of affiliated institutions are of substantial proportions.

Speaking at the recent Better Banking Conference of the Wisconsin Bankers Association, Henry Mulberger, president of the Bank of Watertown, Wisconsin, cites the co-operation of the governing body of his institution in --

"HOW MY DIRECTORS DIRECT"



OUR board of directors consists of seven members, the president and the cashier accounting for two of them. The following standing committees are elected by the board at its annual meeting held in January:

- Executive committee—3 members
- Discount committee—3 members
- Examination committee—3 members

To the executive committee are referred all matters not of a routine nature and upon its decision depends whether or not the question submitted shall be referred to the board for final consideration.

The Discount Committee

THE functions of the discount committee are just what its name implies. To it are submitted applications for loans above a stipulated amount and also the purchase of bonds, that are first approved by the president, cashier and manager of the bond department. While these last named officers have authority to make individual loans up to \$5,000 and to purchase single issues of bonds up to a similar amount, it is seldom this authority is exercised without first submitting the loan application or the bond purchase to the discount committee for approval. It is in a sense, an "Unwritten Law" that we confine our bond purchases to a maximum of \$5,000 in any one issue. This, of course, does not apply to United States government investments, and on very rare occasions has this amount been exceeded in the purchase of Wisconsin municipal or county obligations when issued by cities or counties in the southern half or two-thirds of the state.

Another so-called "Unwritten Law" of

the board of directors is the avoidance of establishing an open line of credit for a customer. We keep clear of this entanglement by informing the customer that we will consider his application on the basis as is when the loan is required.

The applicant's financial condition may have undergone considerable distress betwixt the time an open line was allocated and the application was presented.

Our directors aim to refrain from sanctioning excessive loans to firms or individuals, keeping the individual loans way below the amount authorized by the statutes. As a matter of fact the number of loans in our files of \$10,000 or over do not exceed the number of fingers on one's hand.

Due to unfortunate policy of our state administration denying its citizens the protection of a state constabulary, Wisconsin is converted from the playground of the middle west to the stamping grounds of bandits. This compelled us to carry our bonds in the vaults of our city correspondents. In connection with this our directors promulgated a rule that access to these boxes containing our bonds is permitted only when two directors are accompanied by an active officer.

A further requirement of the board calls for a satisfactory bonding of the officers and employes.

Three Examinations

THE examining committee makes one semi-annual and two quarterly examinations. The law requires two semi-annual examinations, but accepts in lieu of one, an examination by a recognized firm of certified public accountants, so that for some years past, one of our semi-

annual examinations was made by Peat, Marwick, Mitchell & Company.

Avoiding recital of the details of an examination by our committee, I cannot refrain from mentioning two important features—all notes are handled and scrutinized by the members of the committee, and in case of collateral notes the collateral is checked, as to whether it agrees with the specification on the note, whether properly recorded or assigned, whether insurance is in proper amount, etc.

Monthly Meetings

REGULAR monthly meetings are held at which anything of special import or interest is first submitted; the remainder of the sessions devoted to the reading of all expense items of \$5.00 or over, the bond purchases since the previous meeting, and the reading of the liability ledger. At one session the loans up to and including the letter "M" are read and at the next session the remaining loans, questions are answered and statements submitted.

The expenses, the bond purchases and the loans are then submitted for approval.

In conclusion I cannot refrain from commenting on the unusually fortunate situation in which our officers are as regards the functioning of our directors. With five members, of our board of seven, either tenants of ours in our bank building or active officers, and one of the remaining directors an active local manufacturer who practically calls at our office daily, the accessibility to them is, as I previously stated, unusual.

Northwestern Banker April 1932

National Bank History in Nebraska

IN TRACING the history of recent national bank failures in Nebraska, and comparing their causes to the causes of national bank failures back in the period of 1890, several points of difference stand out prominently, according to an elaborate survey of "National Bank Failures in Nebraska" recently made by the committee on business research of the College of Business Administration, University of Nebraska.

Commenting on these points of difference the survey says:

"In comparing these two main periods of national bank failures we find several points of difference. One of these is that economic factors have been more prominent in the present period than in the 1890 period. There are several differences of a fundamental nature between the two periods that will explain this. Agricultural depression in the first period was due to crop failures while in the second period it was the result of economic conditions accompanying and following a war. Farm and commodity prices and land values preceding the first period had not been inflated, although there had been some speculation. The second period of failures came with deflation following extreme inflation, all prices, particularly those of farm properties and farm commodities, having been much above the pre-war level. This inflation was due to the exceedingly heavy demand for food products by the European nations during the war. This demand did not fall off immediately after the close of the war, and American farmers continued to produce for the European market. When the demand decreased, agricultural prices very naturally fell rapidly because of the oversupply. Partly because the production of farm commodities has never become adjusted to this small demand, the 1920 period of depression has been much longer than the 1890 one. Hard times in the nineties lasted about six years with one exceedingly good year during the period, while the second period has already extended through its tenth year, none of which have been particularly profitable to the farmer. Another reason for this continued farm depression has been the fact that the cost of producing farm commodities has not decreased as rapidly as has the income from the sale of the final product. Even by the close of 1929 the purchasing power of farm incomes was not yet on a par with that of incomes from other sources. This difference in the length of the two periods of agricultural depression has resulted in the 1920 period of bank failures being much longer than the 1890 period.

Another significant difference is the fact that loans to relatives, excessive

loans, and the promotion of outside enterprises have been less prominent in the recent failures than in those of the 1890's. It is very likely that the more able and rigid examining service has in part done away with such conduct on the part of bank officials. Frozen loans and loans on farm lands, however, have figured more prominently of late than was formerly the case. In regard to loans on farm lands, it must be borne in mind that before the establishment of the Federal Reserve System, national banks were unable to make such loans. When this power was given them it of course opened up a new possibility for loss as well as a new possibility for profit. The proportion of failures in which fraud was involved has been practically the same in both periods—between 20 and 25 per cent. This is significant in view of the many additional safeguards and precautions that have been devised since the 1890 period failures. Lack of attention on the part of bank directors has been less apparent than was formerly the

"There is probably no way by which bank failures can be entirely done away with unless some means were to be devised to make sure that all bank managements were sound. Unfortunately bankers are human beings, actuated by the same motives that inspire humanity generally and subject to the same temptations and ambitions."

case, but it still operates as a cause of bank failures.

"From all this evidence, we believe that it is in our banking system and in the two main phases of the business cycle—prosperity and depression—that bank failures have their origin. Our free banking system coupled with very liberal state charter laws made for an overbanked condition. In 1890 there was one bank in Nebraska for every 1,631 persons; in 1900, one for every 2,333 persons; in 1910, one for every 1,322 persons; and in 1920, one for every 1,153 persons. While state laws do not apply to national banks, the federal chartered institutions cannot help but be affected when they exist in the midst of and compete with state banks. During the boom period it was absolutely impossible to refuse state banking charters. At that time the people of this state repudiated at referendum a law giving the state banking department the authority to refuse charters for good cause, and requiring the managing officers of banks to secure a license from the banking department certifying the banker's ability and character. 'Subsequently, hundreds of banks were char-

tered for which there was no economic use and men permitted to operate them who, for want of ability and honesty, have disgraced the business of banking.' The comptroller also blames overbanking for some of the trouble. While unfavorable agricultural conditions have contributed in a large measure to the closing of a number of these banks, still it must be borne in mind that the greater number of failures have occurred where the territories have had too many banks per capita and where too many bank charters were issued during the boom period of the war and immediately after peace was declared. Not only was there insufficient business for the support of these banks but their organization resulted in hazardous and unwarranted competition. When such a condition exists, the competition is such that banks lend large amounts on what turns out to be inflated values and when distress comes bankers blame the 'hard times' rather than themselves. At first they may suppose the trouble to be entirely temporary and some, fearing losses in their private enterprises, or in their banks, may take remedial measures that would not bear the light of day, believing that they will soon be able to right the situation.

"There are many institutions which remain perfectly sound during a time when banks all around are failing. If they are able to do so when they are affected by the same economic conditions that confront the failing banks, it must be because their managements are superior. In support of this position we have the statements of the comptroller of the currency and Mr. A. C. Schallenberger, chief examiner of the Nebraska Banking Investigation.

"Concerning the failures of the first period the comptroller said:

The inevitable conclusion to be drawn from a study of the causes resulting in these failures is that in the great majority of instances those directly responsible for the management of the banks involved, both directors and executive officers, have been negligent of their duties and wanting in insisting upon the employment of methods of ordinary safety and prudence.

"In 1927 the comptroller wrote:

I believe that failures of many banks could have and can be averted if the directors would give closer attention to the affairs of the bank.

"Mr. Schallenberger says:

The World War inflated prices, both of land and other property, to such an extent that a business boom developed which swept many bankers, business men and even farmers into a maelstrom of speculation. Standards of values and normal bases of credit were completely lost sight of and sound business principles were forgotten. Banks were increased in numbers until competition brought disaster because there was not sufficient safe and profitable

(Turn to page 16, please)

NEWS AND VIEWS

OF THE BANKING WORLD

By Clifford De Puy

ANDREW J. HUGLIN, former vice president of the Iowa-Des Moines National Bank, and who, on April 1st assumed the office of vice president of the Diamond National Bank of Pittsburgh, has recovered fully from his recent serious sickness in Toledo, Ohio.

Mr. and Mrs. Huglin are now living at the Royal York Apartments at 3955 Bigelow boulevard, Pittsburgh.

S. E. COQUILLETTE, vice president of the Merchants National Bank of Cedar Rapids, together with Mrs. Coquillette, were in Florida last month where they played golf, drank orange juice, and were guests on a private yacht which took them out beyond the twelve-mile limit (so I was told).

EUGENE C. EPPLEY, president of the Eppley Hotels Company, has taken over the operation of the Elms Hotel at Excelsior Springs, Missouri.

J. FLETCHER FARRELL, vice president and treasurer of the Sinclair Oil Company, and chairman of the board of directors of the Elms Hotel Company, will still continue his interest in the corporation, and in a recent statement said:

"It is a pleasure to announce that Eugene C. Eppley, president of the Eppley Hotels Company, has become associated with us in the operation of the Elms Hotel properties. The Eppley Hotels Company is recognized as one of the most progressive, efficient and successful operating organizations in the country. It has operated upon a large scale and thus developed sound methods and sales promotion which are impossible of achievement by anyone operating a single hotel. Therefore, we anticipate that the patronage and popularity of the Elms as America's outstanding health and recreational resort will be greatly enhanced under the new management."

When CLIFFORD EDWARDS of Clinton, and his three associates from Louisville, Kentucky, robbed the City National Bank of Clinton last month of \$100,000, and then were captured shortly afterwards, Edwards confessed that one of the reasons he robbed the bank was because his former father-in-law, CLYDE WILLETS, was janitor and he was mad at him because of family troubles and was therefore taking revenge.

This will probably result in G. L. CURTIS, president; W. A. ANDERSON, vice

president, and the rest of the officers of the City National Bank, checking very carefully into the family, social and marital relationships of their janitors and their son-in-laws hereafter.

In the meantime the four self-confessed robbers have a "lifetime" to think it over behind the iron bars.

J. C. THOMSON, vice president and general manager of the Northwest Bancorporation, has recently published a complete report of the corporation for the year 1931.

In this report he points out that the net book value of the stock is \$29.81, and in discussing the operating earnings says: "Operating earnings applicable to stock of Northwest Bancorporation, after eliminating the proportion applicable to minority interests in affiliated institutions, were \$5,741,625.70, or \$3.43 per share, as compared with \$3.87 per share in 1930. Dividends of \$1.80 per share were paid during the year, amounting to \$3,004,936.20. Considered from another viewpoint, these earnings were equal to 6.86 per cent on the par value of the capital stock of Northwest Bancorporation outstanding, as compared with 7.74 per cent for 1930."

A. M. CHAFFEY, chairman of the board of the California Bank at Los Angeles, has sent out a booklet showing the deposit liabilities of 150 of the largest American, British, Colonial and Dominion banks.

The Midland Bank, Ltd., of London heads the list with deposits of \$1,753,144,449.

The deposit liabilities of the first 20 American-owned institutions, leaving out deposits of the Federal Reserve Banks, are as follows:

Chase National Bank, New York...	\$1,459,114,886
National City Bank, New York...	1,418,702,860
Guaranty Trust Co., New York...	1,070,021,916
Continental Illinois Bank & Trust Co., Chicago	773,437,525
Bank of America National Trust & Savings Assn., San Francisco	749,796,772
Central Hanover Bank & Trust Co., New York	608,191,909
Bankers Trust Co., New York	558,086,407
First Peoples Wayne County Bank, Detroit	483,910,638
Security-First National Bank, Los Angeles	479,012,864
First National Bank, Boston	476,989,412
First National Bank, Chicago	476,150,224
Irving Trust Co., New York	442,091,091
First National Bank, New York	375,156,951
Bank of Manhattan Trust Co., New York	375,131,667
Chemical Bank & Trust Co., New York	298,878,599
Manufacturers Trust Co., New York	269,540,907
New York Trust Co., New York	251,445,083
Philadelphia National Bank, Philadelphia	250,368,432
Cleveland Trust Co., Cleveland	245,627,505
Corn Exchange Bank & Trust Co., New York	239,418,484

D. B. BRANN, formerly associated with the Central National Bank of Des Moines, and more recently with the Equitable Life Assurance Society of the United States, has accepted a position as assistant cashier of the Jasper County Savings Bank of Newton, Iowa.

Mr. Brann's boyhood home was in Knoxville, Iowa, and after finishing his schooling, he entered the banking business at Centerville. For about eight years he was connected with the Federal Reserve Bank of Chicago and numbers among his friends hundreds of bankers throughout the middle west.

G. A. WEST, for the past four years assistant vice president of the National Shawmut Bank of Boston, has resigned from that institution and is now connected with the Reconstruction Finance Corporation in Washington.

Bert West, as he was known to his friends and associates, was field representative for the Shawmut Bank in the mid-west where he has a host of friends and business associates.

SUBSTANTIAL PROOF that there is plenty of money for sound investment in attractive securities was amply proven when the \$900,000,000 of United States treasury certificates of indebtedness dated March 15, 1932, were subscribed for to the extent of more than \$3,400,000,000.

What finer evidence could you ask for that we are rapidly turning the well known business corner, than to have an over-subscription like this of \$2,300,000,000.

HERBERT R. BUETTNER, president of the Buettner Furniture and Carpet Company of Burlington, Iowa, is a director of the Farmers and Merchants Savings Bank of Burlington, and as such is receiving a copy of the NORTHWESTERN BANKER and in a recent letter from him he says:

"I am just in receipt of your letter advising that the NORTHWESTERN BANKER is being sent to me for one year with the compliments of the Farmers and Merchants Bank of this city.

"I am duly grateful for this consideration and wish to take this opportunity of acknowledging that the NORTHWESTERN BANKER is exceedingly helpful and in my opinion should be read by every bank director. They will find food for thought in many articles."

Thank you very much, Mr. Buettner, and may I add, that in this period of changing conditions, that the wise director is the one who keeps himself constantly informed on banking subjects of the day.

BLAIR PHILLIPS, president of White, Phillips & Company, investment bankers of Davenport, in a recent circular urges the purchase of high grade municipal bonds at the present very attractive prices "before the new banking legislation, which

Northwestern Banker April 1932

promises to make them eligible for rediscount, forces prices higher."

This in my opinion is certainly good advice and a sound investment policy to follow.

GEORGE P. EDWARDS, well known as a financial writer and publisher, is editor and publisher of *Pacific Banker*, which is to be a comprehensive financial journal and will cover the full field of finance, including banking and investments. He was the founder, editor and publisher of *Coast Banker* and *Coast Investor*. The headquarters of the new publication are in the Russ Building, San Francisco.

IF THE UNITED STATES SENATE, which has appropriated \$50,000 for investigating the stock market, can bring back the losses which customers have suffered since 1929, they will be lucky. But, of course, no investigation will accomplish that.

The resolution carrying the appropriation provides for an investigation of the "practices with respect to the buying and selling and the borrowing and lending of listed securities upon the various stock exchanges, the values of such securities, and the effect of such practices upon interstate and foreign commerce, upon the operation of the national banking system and the federal reserve system, and upon the market for securities of the United States government, and the desirability of the exercise of the taxing power of the United States with respect to any such securities."

Of course, the main object of this will be the comprehensive investigation of the short selling as practiced by members of the stock exchange.

"NO SECURITIES FOR SALE" has become one of the outstanding slogans of the CENTRAL HANOVER BANK AND

TRUST COMPANY OF NEW YORK and in one of their recent advertisements they amplified this position by saying:

"When called upon to invest for clients, we are free to choose securities from the whole investment field. Only with this freedom, we believe, can we choose the securities that best suit the needs of each individual client.

"That is the reason Central Hanover has 'no securities for sale.'"

RALPH W. MOORHEAD, editor of the NORTHWESTERN BANKER and affiliated DePuy Publications, announced the arrival of his new daughter on March 5th in the following clever manner:

MEMORANDUM

(Department of domestic affairs,
Mr. and Mrs. R. W. Moorhead,
3704 Crocker St., Des Moines, Iowa)
RE: Increase in population, U. S.

When interviewed early today regarding his new eight-pound sister, Janet, who arrived on the Stork Special on March 5th, Jerry Moorhead, age two years and half a day, gave out this statement to the reporters:

"AWRIGHT" . . .

The other night a friend of mine was showing me a book of 700 pages written by HENRY CLEWS, entitled "TWENTY-EIGHT YEARS IN WALL STREET," and published in 1888.

Among other interesting chapter sub-headings which I noticed were these:

"Sons of independent gentlemen make very bad clerks—they become unpopular with the other boys and must eventually go."

"Night dancing and late suppers don't contribute to business success."

"A college course is not in general calculated to make a good business man."

"Practical business is the best college."

"Manufacturing bonds with the Erie

Paper Mill and Printing Press."

"Risks and panics inseparable from pioneering enterprise."

"Bad reputation of our railroad securities caused by over-capitalization and stock watering."

"Leland Stanford—first a lawyer in Albany and afterward a speculator on the Pacific coast."

"How Wall Street bankers' nerves are tried."

"We are entering on an area of seeming impossibilities—yet the inconceivable will be realized."

In addition to these very interesting cross sections of the business problems of 44 years ago—some of which sound strangely familiar today—I was also impressed by Mr. Clews' "Look into the future" and his comparison of the growth of New York City when he said "All along lower Broadway, the great business artery of the country four-story and five-story buildings have been torn down and nine-story buildings put up in their place."

I wonder what he would think today if he could return and see such buildings as the Empire State and Chrysler piercing the sky 100 stories above the ground.

HARRY L. LANE, who for some time has been associated with Richardson & Company of Davenport, has been made a member of the firm which is now known as Richardson, Lane & Company. Mr. Lane is well and popularly known throughout Iowa because of his previous connections in the investment business with such firms as Geo. M. Bechtel & Company and Halsey Stuart & Company.

The investment business of this company was started under the name of J. B. Richardson Investments in 1912. In 1926, the name was changed to Richardson & Company and on March 8, 1932, to Richardson, Lane & Company.

National Bank History in Nebraska

(Continued from page 14)

business for all who were fighting for it. Land speculation, a most dangerous economic disease for bankers to contract, became epidemic either through loans on lands or by indirect purchases by bank officers. The fall in value of farm property has swept away supposed securities and caused a serious destruction of credit. Federal statistics show that agricultural values shrunk eight billions in one year. Only the strong, careful, and experienced banker could weather this storm.

Northwestern Banker April 1932

"There is probably no way by which bank failures can be entirely done away with unless some means were to be devised to make sure that all bank managements were sound. Unfortunately, bankers are human beings, actuated by the same motives that inspire humanity generally, and subject to the same temptations and ambitions. It is not during hard times that we need to be particularly on the

watch for the consequences of these motives and ambitions, but during periods of prosperity, when everything seems to be running smoothly and everyone is optimistic. It is in such times as these that frozen assets and depreciated securities have their origin and it is when danger begins to loom on the horizon that fraudulent methods appeal most to the harried and distraught banker."

... In Chicago
CENTRAL REPUBLIC BANK
 AND TRUST COMPANY
 208 SOUTH LA SALLE STREET



Northwestern Banker April 1932



SALMON P. CHASE, *Secretary of the Treasury under LINCOLN*

THE
CHASE NATIONAL BANK
of the City of New York

Capital \$148,000,000 Surplus \$124,000,000
 Deposits (December 31, 1931) \$1,459,000,000

ALBERT H. WIGGIN
Chairman Governing Board

JOHN McHUGH
*Chairman
 Executive Committee*

CHARLES S. McCAIN WINTHROP W. ALDRICH
*Chairman President
 Board of Directors*

The Chase National Bank invites the
 accounts of banks, bankers, corporations,
 firms and individuals.

General Banking Foreign Department Trust Department

Affiliations

CHASE SECURITIES CORPORATION
 CHASE HARRIS FORBES CORPORATION
 AMERICAN EXPRESS COMPANY
 THE CHASE SAFE DEPOSIT COMPANY
 THE CHASE BANK
 THE EQUITABLE TRUST COMPANY OF NEW YORK
 THE CHASE NATIONAL EXECUTORS AND TRUSTEES CORPORATION, LTD., (London)

**Bankers Praise Reconstruction
 Corporation Results**

(Continued from page 10)

He said that the corporation will loan as high as 80 per cent of the collateral. He described the type of paper on which the corporation will loan in the words of a New York banker—"unquestionably good and damnably slow."

The primary object of the corporation, he said, is to establish a feeling of confidence. He described what he said was the attitude of most bankers, previous to the erection of the corporation and told what attitude is being advised.

"It used to be, and still is in many places, that when you'd go into a bank, the banker would look like he was scared to death you were going to ask him for a loan.

"Talk It"

IF THE banker would appear to be full of confidence with all the money in the world in his vaults, the situation would change.

"Have confidence and talk confidence. Not long ago I asked a woman proprietor of a Davenport filling station if she didn't think conditions were improving."

"She said that she thought they were. If I'd ask her if she didn't think business rotten she'd have said, 'Yes, terribly rotten.'

"Banks must be the instigators of confidence. How can anyone else have confidence if the bank doesn't?"

**Why Work One-Day-Per-Week
 For the Government?**

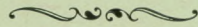
(Continued from page 12)

The Great Difficulty

THIS statement seems to me to embrace in a general way these principles that should guide us in the preparation of our tax programs. The great difficulty, however, is that most of our taxing systems have, more or less, like Topsy, "just grown up," and represent something of the "cut and try" rule which prevailed when I was wrestling with problems in Ray's old Third Book Arithmetic. We have tried one scheme here and another there, only to abandon each and attempt what seemed a more feasible plan, with the result that by addition and subtraction there exists in most of our important political subdivisions, a hodge-podge that at best is almost too complicated for operation, and that in times such as these, partially or completely breaks down.

In many of our states also the limitations of revenue provisions of ancient constitutions restrain the application of more modern and scientific systems. In Illinois, for instance, the constitution of 1870 provides in substance for the uniform assessment of all classes of property at its fair

1891



1932



Growth Based on Conservatism and Helpful, Personal Service

From Iowa's youngest and smallest investment house in April, 1891, to the oldest and largest bond house in the State in April, 1932—this is the record of Geo. M. Bechtel & Company, a record of steady growth based on conservatism and helpful personal service.

Throughout this whole period, we have specialized in high-grade Iowa securities. Banks in every county in Iowa and in many counties of neighboring states have bought bonds from us, and many of these banks have been our customers during the entire forty-one years.

We shall be glad to answer any inquiries regarding Iowa municipal bonds. Please address our Davenport office.

Geo. M. Bechtel & Co., Inc.

Established 1891

Bechtel Building, Davenport, Iowa.

First Iowa Trust Bldg.
Burlington

Equitable Building
Des Moines

Grand Opera House Bldg.
Dubuque

I O W A ' S O L D E S T A N D L A R G E S T B O N D H O U S E

Northwestern Banker April 1932

“Free Wheeling”

Free Wheeling is only “free” for a short time—it must have the driving force and momentum of a powerful engine behind it.

With banks and investment houses, financial advertising is that engine—and the institutions that use it continuously and consistently get the most “mileage” and the most “free wheeling”—but they don’t let the engine “die!”

Charles H. McMahon, president of the Financial Advertisers Association, and vice president of the First National Bank of Detroit, puts it this way—

“Banks, trust companies, and investment houses which have been free wheeling through 1931, propelled by the force of advertising done previously, have discovered THERE IS NO SUBSTITUTE FOR CONTINUOUS, PERSISTENT ADVERTISING.

“Many of them are logically increasing their advertising appropriations for 1932. INTELLIGENT, WELL-DIRECTED FINANCIAL ADVERTISING IS THE NEED OF THE HOUR. Governmental committees, commissions and other outside agencies can help but they cannot take the place of individual advertising of each financial institution. IT IS TIME FOR BANKS TO LOOK AHEAD AND SHIFT INTO THE ADVERTISING GEAR.”



Place your advertising in the NORTHWESTERN BANKER which made an increase of 25 per cent in circulation during 1931, and enjoy the momentum and driving force of this powerful, popular and personal publication.

NORTHWESTERN BANKER

Clifford De Puy, Publisher

DES MOINES

market value. Needless to say, there probably has not been a strictly constitutionally legal assessment of property in that state since the constitution was adopted and yet repeated attempts to amend the revenue provisions of the constitution have met with defeat, almost solely because of the selfish attitude of various groups who profess a fear that we cannot trust our legislature with the less restricted privilege of tax legislation, but which in reality perhaps is a fear on the part of those who have not been contributing their fair share toward the support of the government, that under a more scientific system they will be called upon to do their share. I would not imply that other states have groups which are opposed to tax reform, but I believe that until voters everywhere are willing to have an equitable and fairly representative system of taxation the chaos and confusion which now characterize most of our taxing units will continue.

The tax dodger who declines to assume his fair proportion of the cost of government, and the tax striker who refuses to pay taxes levied and assessed against him, constitute the greatest menace to American governments today; and the defaults that have already occurred in municipal obligations are merely the lightning before the storm, threatening the general collapse of municipal credit, which rests solely upon the confidence of the investor in the willingness of the citizen to pay, and the ability of the government to enforce the collection of revenue sufficient for its needs.

When, however, we reach the question of suggestions and methods of taxation, we encounter human nature in its most vulnerable spot. We all believe that governments should be supported, that taxes should be paid—but by the other fellow. Thus, personal property hides, real estate shrinks in value, incomes disappear and revenue declines. We are not dishonest—we just do not like to pay taxes. Whenever attempts are made to reach us, reasons multiply as to the injustice of the attempt, yet we applaud appropriations for more and better roads, large public buildings, better educational facilities and the dozen and one things we desire for our comfort and personal pleasure. Such inconsistency will not balance budgets, will not prevent defaults, will not maintain credit—nay, cannot avoid disaster. Again I say we must contribute our fair share toward the cost of government and must demand less of government, to the end that we may justly require better government for less money.

Discusses "Business Standards"

"Business Standards" was the subject of a very interesting and practical talk delivered by Edwin Van Horne, president of the Nebraska Bankers Association, before the members of the Kiwanis Club at Fairbury, Nebraska, recently.

"More changes have taken place in the

conduct of business during the past 25 years than in any century in the past," stated Mr. Van Horne. "Changes in transportation and machinery have revolutionized business methods and standards of living.

Mr. Van Horne discussed the value of concentrating purchases, the proper retention of profit in various enterprises; danger of lax credit methods, and new era of installment buying.

The speaker stressed the importance of good credit methods. "The average business man has been too free in the extension of credit and should insist upon seasonable liquidations."

"Merchants have led in this evolution

of business. Stores are better looking, competition is keener and the merchants are more wide awake and alert to keep in line with the ever changing methods of merchandising.

"Business is stimulated by effective advertising, we must look things in the face and be able to let the public know what we have to offer.

Mr. Van Horne would make no predictions as to the future but believes that business has been improving since October and that it will continue slowly. The elimination of many weak and unnecessary banking institutions gave the speaker reasons to believe that "most of our banking troubles have gone over the dam."

1868—1932



A conservative
policy of helpful
service through
all the cycles
of business for
three generations

THE STOCK YARDS NATIONAL BANK
AND
THE STOCK YARDS TRUST & SAVINGS BANK
of CHICAGO



Taxes and Interest Are Always With Us

"There are two things that never stop—taxes and compound interest."

This time-tried old saying goes right to the basic reason why Iowa county and municipal bonds are the finest of all investments for these times and ALL times. Backed by the strongest form of security known—TAXES — they also provide the assurance of unfailing regularity of their annual and semi-annual interest.

You can buy county and municipal bonds today on an exceptionally attractive basis. Write or call for detailed circulars on our special offerings to Iowa banks.

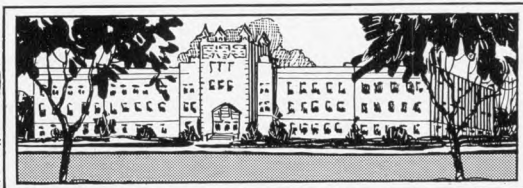
CARLETON D. BEH CO.

Investment Securities

12th Floor, Des Moines Building

DES MOINES, IOWA

Dial 4-8156



A Banking Family

Webster county, Nebraska, has two banks, established in pioneer days, each of which have been under the control of the same family during the entire time.

The Bank of Guide Rock, established in 1885 by W. T. Auld, is now in its forty-seventh year, while the State Bank of Red Cloud, established by Mr. Auld in February, 1892, is just beginning its forty-first year. Both are now owned by J. W. Auld, a nephew of the founder.

Coming from Iowa 30 years ago, shortly after leaving school, the present owner received much of his training and knowledge of the business from the older man, then in charge, and his eventual ownership was preceded by nearly 20 years' employment as cashier here. He bought controlling interest of the Guide Rock Bank in 1916.

The establishing of the local bank in 1892 by W. T. Auld is recalled by many old-timers, who compare the present times somewhat with conditions prevailing then. The rise of "Tom Auld" was from a modest start as a country school teacher near Knoxville, Iowa, at \$40 a month. From money saved teaching school, he was able, when 35, to establish the business at Guide Rock, and seven years later to open the bank. His gifts to this community include a \$30,000 public library. A similar institution was given to Guide Rock.

Joins Advertising Agency

Ralph L. Harley, formerly advertising salesman for the *Register and Tribune* Company, has joined the sales staff of Fairall & Company, Des Moines, advertising agency. He will take over the marketing and promotional department of the firm.

Chicago General Manager

Clinton D. Lasher, state agent for The Home of New York in Indiana has been appointed general manager at Chicago succeeding the late J. K. Lesch. He will assume his new duties on April 4, 1932. In this capacity Mr. Lasher will have complete charge of all the activities of The Home Fleet in Illinois including the Cook county, Farm, Service, Marine and Illinois State Agency Departments.

Mr. Lasher is well equipped for his new position as he is recognized as one of the leading fieldmen in the county today. For 1928 he was awarded the Chandler trophy, a silver loving cup, which is presented annually to the individual who has contributed most during the year to the general good of the insurance business in the state of Indiana. Mr. Lasher is one of the company's 25 year veterans, having been presented with a silver medal in October, 1929. While his many friends in Indiana will miss him, they rejoice in his advancement.

Bonds and Investments

LOOKING AT OUR INVESTMENT FUTURE

By

RAY THAYER STERLING
President, Sterling, Barron & Co., Chicago

WHEN successive standards of investment safety have been swept away until all are apparently exhausted, where shall confidence be placed? Middle western investors have, I think, a particularly strong series of reasons for asking this question. There are but few fortunes among us comparing in age with those found in the east; we, as investors, are still learning in the costly school of experience. Our real development started after the Civil War, along with the bull market in farm lands. Our slowly accumulating capital bought more land, and the investment was sound because prices of land were always rising. Not wishing to till more soil, we bought correspondingly sound mortgages on farms at fat interest rates. Then the World War, with its call upon our patriotism, taught us to buy liberty bonds, with coupons to clip; bonds were something we knew little about until then. Our liberty bonds sold down around 85 in 1920, and we wondered if they were as good as our old first mortgages, but we could not safely go back to these, for the declining market in farm lands started in 1920-21. We found that there were other bonds than libertys, bonds as nicely printed with coupons and all, but bearing the same 6 per cent interest or more that we had obtained from our mortgages.

This seemed a happy compromise, and we bought them—not from responsible investment dealers, but from exploiters who precede legitimate business in new fields. We were stung badly and took our losses. By then the stock market was making everyone rich, on paper, and offered a way out. We took it, and later were taken. We put in our bank what we had left, just in time to participate in an epidemic of bank failures, which our accumulated distrust aggravated to an almost fatal magnitude. Now our surplus capital is in gold or currency buried in the basement, not entirely safe, and utterly useless. Disregarding causes and exceptions, these are about the things that have overtaken the average small middle western investor, whose combined buying power is the foundation of our commercial credit.

Confidence Must Return

RISING commodity prices must, and will, preface permanent improvement, but first comes the re-establishment of confidence. Nationally, locally and individually, we are all working toward that end. We bought stocks in 1928-29 far above true worth because we thought they were

going higher for no particular reason, and they did—for a time; now we refuse to buy even the usual amount of things we need because we are afraid they will go lower, and so they have—for a time. Neither trend can continue forever. Much has been intelligently written about various phases of our current situation, pertaining to specific problems; seldom has an attempt been made to paint clearly the

“Select your investment adviser as you do your doctor, with an eye toward his qualifications, reputation and interest in your personal situation; place your primary investments in those enterprises with whose field of operation you are most familiar by experience; rely on your counselor to protect you marketwise and risk is largely removed from the employment of capital.”

entire picture. Perhaps it is too broad for one canvas. Or perhaps we are some of us too close to the trees to see the forest. I might speak with reasonable accuracy of the problems of municipalities, or of land banks, or of federal financing, but these are merely segments of the whole. Even to attempt getting a clear conception of the whole, we must back far away from all special situations. If we are to search for values in which to place confidence, they must be broad values based on tomorrow, not today.

This depression is essentially our own Frankenstein. Future historians will probably say that Europe never really recovered from the depression of 1920, which was caused by the ending of the World War, and resulted in the collapse of so many national currencies. Our own farmers certainly never fully recovered from that depression and, with nearly half of our people entirely, or largely depending on the soil for a living, it is plain that they shared in our great American boom mostly by proxy. The rest of us had a period of industrial prosperity that was lop-sided and eventually sprawled in the dust, ag-

gravating the distress in Europe, which had been depending on us for her credit. But there is nothing new about depressions; we have them regularly about every nine years. Many have been worse, comparatively, than this one. In the past 375 years, the world has gone into a blue funk some 43 times, and it has always recovered! More than half of these crises have been international in scope, and some have lasted as long as sixteen years, although the average has been around two. England is a veteran of nearly all of them; America began her participation in 1809, and over-speculation in 1836 paralyzed us for seven years, along with England, France and Belgium. Countries have recovered from worse situations in less time, but the important fact is that they have always recovered, and will doubtless do so again. Supposing the most pessimistic were right, and America did not come out of this, then what? Admittedly, we are the strongest nation in the world today from the standpoint of financial and raw material reserves. If we collapse, every other nation must precede us, and all values be destroyed, in which case hoarded gold and currency, which is scarcely more than government bonds without coupons, would be worthless anyway. The tide of bank failures may have been the crowning catastrophe that robbed us of mental balance, but the failure of our former demigods of finance to protect themselves and us in the crisis has been said to be the thing that really destroyed our confidence, and I think that is consciously or unconsciously true. New leaders will arise, but in the meantime we will have learned to do our own thinking again.

Banks Can't Be Blamed

IF BANKS are tight with credit, it is because we have made them so with our blind scramble for cash. There is a whole story in that situation, nor is the blame entirely on the side of unsound banking. Deplete the assets of any institution 70 per cent, as was done by withdrawals from some banks, and see how long it lasts. The banks remaining open today, backed by available federal credit if they need it, are safer than most things in this life. Banks are the reservoir for capital accumulation wherein small, impotent amounts become, collectively, a powerful instrument for our economic and social advancement. If we withdraw our bit of cash from deposit, the banker fears others will follow suit, and dares not extend loans, direct or in the form of bond purchases. The manufacturer goes to him for a loan for raw mate-

Northwestern Banker April 1932

rials and is refused because of this situation, so he is forced to reduce his working force and we lose our job. We think we are clever to have withdrawn our money, but that very act, multiplied by thousands of similar ones, was what cut off our source of income! The sooner we reverse the circle, the sooner we return to work. Local loans are made direct by commercial bankers, but the larger, more far-reaching loans are made by investment bankers through bond issues. Cities, states, industries and the nation must have money on which to run; a market must be maintained for their bonds at reasonable credit levels. Otherwise all activity ceases and anarchy results. The stimulation of investment buying is personally and vitally important to us all.

Conditions Must Improve

IF WE admit that conditions must eventually improve, we can safely search for investment values, since the time element is of secondary importance. True values do not change nearly as much as deflation and inflation distort them. We will continue to have railroads, and electricity, and automobiles, and steel mills for years to come. We must have farmers to feed us, and cities in which to gather for industrial and trade purposes. These and other essential branches of our economic system have bonds now outstanding and to be issued, at prices unthought of three years ago. This, not because of increased supply which is really less than usual, but because of disappearance of demand. The law of supply and demand has never been repealed. Buying must materialize soon for the protection of everyone, hence the conclusion that current sound yields will not always be available. Deposits of more than four hundred millions above normal in postal savings banks will, alone, carry prices upward when they again seek a return of better than 2 per cent.

Investment Essentials

THE mechanics of investment selection are really comparatively simple. Speculation has its important place. Every established business was a speculation at one time, and a certain amount of money must be available to finance such enterprises or we cease to progress. Leave that for those who can afford to lose what they risk. The cry today is for safety at any price, a natural reaction, and a senseless one. Safety can be bargained for like anything else. Fundamentally, the essentials of investment are: 1. Security. 2. Marketability. 3. Yield, in just that order of importance. Any yield above prevailing levels indicates a sacrifice of some part of security or marketability, or both. These facts are so simple that many of us must have overlooked them, or their order of importance would not have been reversed so often and to our sorrow. Today, many sound bonds will be found returning as high as 6 per cent or more, but these are not ordinary times. Five per cent is normally a safe dividing line between conservative investment and chance, but like all generalities, this is subject to variation. However, no one ever lost much money by asking "Why?" when an investment return of over 5 per cent was offered him.

Look first toward the safety of principal always. Then, if your situation does not demand a highly liquid position, you can reasonably expect a better yield in return for somewhat slower marketability. This is a matter for an investment specialist to decide. Any intelligent dealer or broker knows he prospers longest with prosperous clients. Select your investment adviser as you do your doctor, with an eye toward his qualifications, reputation and interest in your personal situation; place your primary investments in those enterprises with whose field of operation you are most familiar by experience; rely on your counselor to protect you marketwise, and risk

is largely removed from the employment of your capital. Idle dollars are slackers, and traitors in this crisis. We need unemployment relief for money.

Municipal Financing

Taxpayers of many municipalities want to eat their cake and still have it, according to O. W. Erringer, municipal financing expert, speaking at a meeting in New York City. "Although cities, in the march of progress, have built schools and hospitals, paved streets and laid sewers, the taxpayers now very frequently complain about the higher taxes needed to pay for these improvements. But theoretically," said Mr. Erringer, "the mounting tax rate is more than offset by enhanced property values. While it is frequently pointed out that the tax rate is three times the rate paid twenty years ago—likewise has the value of property trebled in the last twenty years. The ratio of taxes to property values remains very much the same.

"It is in times of depression when communities face their greatest problems, for seldom is it possible to make a downward adjustment in the tax rate in keeping with a temporary collapse in values of real estate. Citizens then demand a lower tax rate and lower assessments while the city's expenses remain on about the same level. The situation becomes critical as tax delinquencies become more numerous, revenues decrease and unemployment grows acute. Trouble is brewing. Charges of waste, extravagance and corruption are lodged against the city government. City employes are ousted out of their positions, drastic cuts in wages must be taken by those who remain. The efforts of the city authorities to work out of the crisis are met with abuse and further demands for retrenchment. Tax sales can only intensify the misery; home owners are cast out of their houses owing to their inability to pay delinquent taxes—all in a feverish effort to realize a possible reduction of a few mills in the tax rate or to collect a few thousand dollars of past due taxes. No city can benefit by such a short sighted policy as this.

MARKET QUOTATIONS

Our Trading Department is in active communication with New York, Chicago and other financial centers in all parts of the country.

We are constantly executing buying and selling orders for Iowa banks and invite your inquiry on any listed or unlisted bonds.

PRIESTER • QUAIL & CUNDY • INC.



Investment Securities

American Bank Bldg.

Davenport, Iowa

State Distributor for
NORTH AMERICAN
TRUST SHARES

**POLK • PETERSON
CORPORATION**

INVESTMENT SECURITIES

Member Distributors Group, Inc.

Des Moines Building
DES MOINES
Telephone 3-3245

WHY THESE 34 STOCKS?

Deposited Stocks in Each Unit of 100,000

NORTH AMERICAN TRUST SHARES, 1955

MAXIMUM CUMULATION TYPE
(As of October 17, 1931)

CHEMICAL 15%	
E. I. duPont de Nemours & Company	200
Eastman Kodak Company	100
The Procter & Gamble Company	100
Union Carbide & Carbon Corporation	300
ELECTRICAL EQUIPMENT 6%	
General Electric Company	400
Westinghouse Electric & Manufacturing Co.	100
STEEL 3%	
United States Steel Corporation	100
FOOD 11%	
The Borden Company	200
Corn Products Refining Company	100
General Foods Corporation	100
National Biscuit Company	200
Standard Brands Incorporated	200
RETAIL MERCHANDISING 9%	
Drug Incorporated	100
Sears, Roebuck & Co.	200
F. W. Woolworth Co.	200
MACHINERY 6%	
American Can Company	100
American Radiator & Standard Sanitary Corp.	300
Otis Elevator Company	200
FARM MACHINERY 1%	
International Harvester Company	100
TOBACCO 6%	
The American Tobacco Company "B"	100
R. J. Reynolds Tobacco Company "B"	200
AUTOMOBILE 2%	
General Motors Corporation	200
PETROLEUM 4%	
Standard Oil Company (New Jersey)	300
RAILROADS 12%	
The Atchison, Topeka & Santa Fe Railway Co.	100
The New York Central Railroad Company	100
The Pennsylvania Railroad Company	100
Union Pacific Railroad Company	100
UTILITIES 25%	
American Telephone & Telegraph Company	100
Columbia Gas & Electric Corporation	400
Consolidated Gas Company of New York	200
The North American Company	200
Pacific Gas & Electric Company	200
Public Service Corporation of New Jersey	100
The United Gas Improvement Company	300

As of October 17, 1931, the date of execution of the Trust Agreement, a stock unit consisted of the shares listed above. Percentages (approximate) of total investment by industries are based on market prices of that date.

The deposited stocks in each unit of 4,000 NORTH AMERICAN TRUST SHARES, 1956 (Maximum Distribution Type) consisted on October 17, 1931, of 1/25th of the number of shares of the common stocks listed above.

Holder of NORTH AMERICAN TRUST SHARES (Original Issue) who have not been informed concerning an offer, which authorized dealers are making, to exchange their shares on a preferential basis for shares of two new trusts, NORTH AMERICAN TRUST SHARES, 1955 and 1956, may obtain complete information from any authorized dealer.



DISTRIBUTORS GROUP, INCORPORATED

Owned by a Nationwide Group of Investment Houses

63 WALL STREET, NEW YORK

CHICAGO ATLANTA PITTSBURGH PHILADELPHIA LOS ANGELES

34 STOCKS?

How should the investor in common stocks apportion his money today for long-term participation in the earnings of American industry? It is not wise to risk all his capital in one or a few stocks. Should he, however, rely for diversification on a group of stocks chosen merely because they are "high grade?"

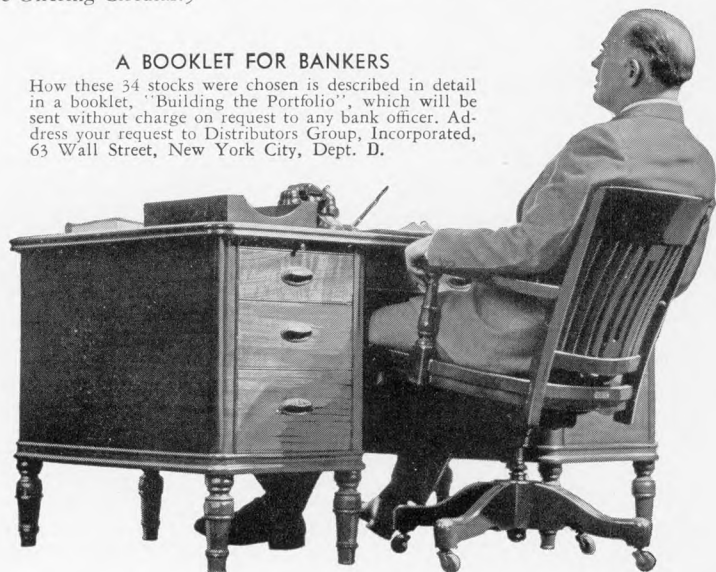
The individual high quality of the 34 common stocks in the portfolio of NORTH AMERICAN TRUST SHARES, 1955 and 1956, was only one of the factors that influenced their selection. Each stock was chosen because it fitted logically into an investment plan, constructed after months of painstaking research, and based on a scientific principle of investment selection evolved to balance the apportionment of capital invested under present conditions.

These trust shares give the investor not only an investment but a plan which provides: (1) Balanced dollar diversification; (2) Maintenance of investment quality under the direction of a Research Department; (3) No substitution; (4) The convenience and safety of trust administration provided by a large bank acting as Trustee; (5) Marketability. The 34 stocks comprising the portfolio of NORTH AMERICAN TRUST SHARES, 1955 and 1956, a new type of fixed investment trust, are all listed on the New York Stock Exchange. More than 1600 investment houses and banks are now recommending these shares.

The offering price of NORTH AMERICAN TRUST SHARES is based upon and varies with the actual New York Stock Exchange 100-share lot transaction prices of the underlying stocks during market hours. (Complete details of the method of calculating this offering price are contained in the Offering Circular.)

A BOOKLET FOR BANKERS

How these 34 stocks were chosen is described in detail in a booklet, "Building the Portfolio", which will be sent without charge on request to any bank officer. Address your request to Distributors Group, Incorporated, 63 Wall Street, New York City, Dept. D.



Northwestern Banker April 1932

"A nationwide survey of municipal tax rates discloses that for the most part prevailing levies are directly in line with the value of city improvements," continued Mr. Erringer. "While tax rates have mounted considerably in recent years, intrinsic property values have kept pace. Simply because our cities are finding it difficult to finance themselves through the usual channels there is no justifiable reason for heaping abuse upon city officials or in condemning municipal policies in general. Cities, unlike private businesses, are not permitted to store up large cash balances or surpluses in order to tide them over a period of depression. They must depend upon the municipal bond market to supply what funds they need. A sudden collapse of this market brings a deluge of resentment down upon the heads of the city government. Under these circumstances why should they be held accountable for the city's plight?"

A Sound Policy

IF CITIZENS will cooperate more closely with their city government, they will find that there are ways to be found that will permit a city to systematically reduce its indebtedness in an orderly manner," advised Mr. Erringer. "Cities must abandon their hand-to-mouth policy of maintaining large floating indebtedness at high interest rates. These short term obligations must be funded at lower rates into long-term issues. Bonds of this kind can always be sold locally, regardless of conditions in the municipal bond market, at a savings in interest that will more than offset the nominal amounts slashed from the budget through an ill-conceived policy of throwing people out of employment and in reducing wages."

John Elliott Dies in East

John A. Elliott, 51, former Des Moines banker, died at his home in New York City last month from complications following a three weeks' illness.

He left Des Moines in August, 1930, and had been vice president and branch manager of the Underwriters Trust Company, Fifty-fourth street and Sixth avenue, New York. He is survived by his wife, the former Mildred Hager, and a daughter, Jeanette.

A brother, Ralph Elliott, and a sister-in-law, Mrs. Manning Martin, live in Des Moines. Webb Elliott, another brother, lives in Decatur, Illinois.

1931 Corporation Profits

Aggregate earnings for 1931 of 379 representative industrial corporations were 78.09 per cent less than for the peak year 1929, but in 1921 as compared with 1920, the decline shown by the same companies was 91.64 per cent, according to compilations from published reports, announced by Ernst & Ernst, public accountants.

The study includes all industrial corporations whose figures are available for 1929 and 1931 and also for 1920 and 1921—379 in all, classified into seventeen industrial lines and miscellaneous.

The deflation of the 1920-1921 depression period, it is pointed out, took place principally in the year 1921, although in certain cases at least a portion of it was in 1920. Approximate adjustments for these and other factors, it is said, indicate that the study represents a conservative statement of the aggregate shrinkage in corporation earnings for the 1920-1921 depression.

Another compilation by Ernst & Ernst covering the earnings of 1,188 industrial

corporations shows a decline of 78.24 per cent for 1931 as compared with 1929, and a decline of 74.14 per cent, 1931 compared with 1928. Of the 1,188 companies, 146 or 12.3 per cent improved their earnings in 1931 over 1929, while 200 or 16.8 per cent did better than in 1928.

For comparison of 1931 with 1930, published figures are available from 1,389 industrials, whose aggregate earnings for 1931 were \$628,341,000, a decrease of 61.17 per cent from the aggregate of \$1,618,025,000 reported by the same companies for 1930. Better operating results in 1931 than 1930 are shown by 359 of these companies or 25.8 per cent. Operating profits were made in 1931 by 846 or 61 per cent, while 543 or 39 per cent showed losses. A similar compilation covering the companies whose figures are available for the year 1921 discloses that the proportion of companies showing profit or loss is approximately the same.

Net operating income of 171 railroads for 1931 was 39.98 per cent under 1930; operating income of 104 telephone companies for eleven months, 1931, was 1.04 per cent better than for eleven months, 1930; profits of 199 other public utilities, 1931, were 8.78 per cent less than for 1930.

Aggregate profits for all groups, 1,863 companies, 1931, compared with 1930, were 38.91 per cent less.

In dealing with actual earnings figures over a considerable period of years, it is, of course, impossible, the statement says, to make adjustments which adequately reflect certain changes brought about through mergers, consolidations, etc. The resulting comparison, however, can reasonably be assumed to reflect trends correctly, it is declared, though the factor of mergers may magnify or lessen the extent of the trends.

The Most Practical Method

That the opinions of even the most outstanding economists are not, in themselves, sufficiently sound bases for the diversification of funds in a fixed investment trust is the opinion expressed in a pamphlet just prepared by Lawrence W. Schmidt, chief statistician of Administrative and Research Corporation, New York, sponsors of Corporate Trust Shares.

"If ten economists," says Mr. Schmidt, "were asked to distribute \$100,000 over 30 carefully selected common stocks, making the investment in each on a basis of relative attractiveness, each of the 10 would assign varying degrees of importance to each of the companies. Personal opinion and prejudice would be the determining factor. There are four general methods by which the investment fund may be distributed among the portfolio companies: (1) deliberately assigning different degrees of importance or attractiveness to different stocks, and placing larger or smaller parts of the investment in those stocks which are arbitrarily chosen as best;

\$21,000.00
Walnut, Iowa

6% Electric Light Plant Pledge Orders

Dated—February 1, 1932

Due—1932 to 1937 inclusive

WALNUT, IOWA (Population 900) located in Pottawattamie County, has successfully operated its light plant for a number of years. Last year net earnings were \$7,892. In 1924 a \$14,000 Diesel generating unit was installed and in 1925 another \$10,000 unit added. Both were paid entirely from plant earnings, besides extensive remodeling.

THESE ORDERS are issued to pay a part of the cost of the installation of modern Diesel generating equipment, at a cost of \$27,000. The balance was paid in cash by the Town.

**FREE FROM FEDERAL INCOME TAX AND ALL TAXATION
IN THE STATE OF IOWA**

Price—Par to yield 6 per cent

BALLARD-HASSETT CO.
Investment Securities

1114-1120 Commonwealth Bldg.

DES MOINES

Northwestern Banker April 1932

(2) allocating amount of investment on statistical factors; (3) deliberately placing an equal dollar amount in each company in the portfolio or in each company in an industry; (4) taking an equal number of shares of each company."

According to Mr. Schmidt's conclusions the fourth method is most practical because it is based on the assumption that the stock in each of the 30 companies is inherently sound and secure from a long term investment point of view; it does not attempt to say that one company is sounder than another or will become more attractive in the future; it does not lead the investor to believe that his investment is scientifically balanced according to some purely theoretical statistical method.

Becomes Sales Manager

Announcement has been made recently of the appointment of Earl Newsom as sales manager of Distributors Group, Inc., sponsors of North American Trust Shares, a fixed investment trust. Mr. Newsom for over a year was director of advertising and public relations for the group. Prior to joining Distributors Group, Inc., he was vice president of the John Day Publishing Company.

Fred L. Palmer has been appointed director of advertising and public relations to succeed Mr. Newsom. Mr. Palmer makes his headquarters at 63 Wall street, New York. Mr. Palmer who was with the group about a year ago, was formerly connected with the promotion department of the New York Times, and prior to that he was with Ames & Norr.

Incorporates Advertising Agency

Henry P. Knight, for many years well known in La Salle street and Wall street, has formed a general advertising agency, incorporated under the name of H. P. Knight & Co. with offices at 208 South La Salle street, Chicago.

Lists U. S. Obligations

The National City Company has compiled a list of 31 United States Government obligations at present in the hands of the public and bearing interest. The total amount outstanding as of February 29th, except the treasury bills which are taken as of March 2d, is \$17,459,156,290. The first series of 2 per cent treasury certificates known as the baby bonds are also listed.

The obligations outstanding with which are given their principal features, including the tax exemption provisions of each, as applied to individuals and corporations, are \$13,517,370,200 in 13 issues of liberty and treasury bonds; \$2,032,977,500 in six issues of treasury certificates of indebtedness; \$600,446,200 in one issue of treasury notes; \$518,795,000 in seven issues of treasury bills, and \$789,567,390 in

seven issues of consols, Panama Canal, conversion and postal savings bonds.

Accompanying information includes the amount of each obligation outstanding, dates of issue, maturity and interest payment, when callable, when books close on registered bonds and whether or not the obligations are receivable at par for inheritance taxes. The brochure containing these details also includes charts showing the course of the government's gross public debt since 1910 and the yield on long-time government bonds since 1922.

Is Program Chairman

I. I. Sperling, assistant vice president of the Cleveland Trust Company, and vice

president of the National Financial Advertisers Association, has been appointed program chairman for the association's annual convention, to be held September 12th to 15th in Chicago, the city where the organization was created 17 years ago. Sperling is also in charge of the association's research work and handled the program for the Atlanta convention in 1929. He has been actively engaged in bank merchandising and publicity work with the Cleveland Plain Dealer. Program plans as now contemplated are to be built around the theme, "Looking Ahead with Finance," and discussions will deal with the part financial advertising and selling will play in the period of business recovery now believed to be just ahead.



The Voice of the Nation speaks on

It is reassuring to investors in American Telephone and Telegraph stock that through recent troubled times the telephone system has kept more than 98% of the total number of its subscribers at the height of the boom. The telephone has established itself as a necessity of business and social life.

Recognizing this fact, the Bell System is going ahead with its program of service improvement. Every working day it spends large

sums for construction, keeping the plant at maximum efficiency, adequate for new business.

Forward-looking policies like this are linked in the Bell System with a healthy conservatism in administration.

One result is that American Telephone and Telegraph Company stock has paid dividends regularly through more than half a century.

May we send you a copy of our booklet, "Some Financial Facts"?

BELL TELEPHONE SECURITIES CO. Inc.

195 Broadway, New York City



Northwestern Banker April 1932

Bankers Oppose Glass Bill

THE position of the American Bankers Association on the Glass banking bill was presented at the opening day of the hearing on the measure before the banking and currency committee of the senate by President Harry J. Hass as follows:

We have carefully analyzed the provisions of S. 4115, section by section, and after due deliberation the interim committee of the American Bankers Associa-

tion has, by resolution, registered its opposition to the bill.

We are of the opinion that it would be a serious mistake to pass a bill at this time having so many provisions of a deflationary and regulatory nature which would, in our opinion, cause the withdrawal of a considerable number of members of the federal reserve system. We believe that its effect would be injurious not only to the member banks, but to the

business interest of the entire country.

There are certain provisions of this bill which directly affect the interests of particular classes of bankers who are members of our association. These special matters will be presented later by representative bankers who will show how certain provisions of this bill affect them. I wish in my presentation to indicate to you some of the broader aspects of the bill which will affect all bankers and also the general public. And I will, therefore, submit the effects of the bill on the following:

1. Federal reserve system.
2. The treasury of the United States.
3. The member banks.
4. The securities markets.
5. General business.

Federal Reserve System

ONE of the fundamental principles of the federal reserve act was the rejection of the European plan of central banking and the adoption of the American policy of regional or local banking. The act did not set up a single central bank but, instead, 12 banks and so gave full recognition to the principle of local independence and decentralization.

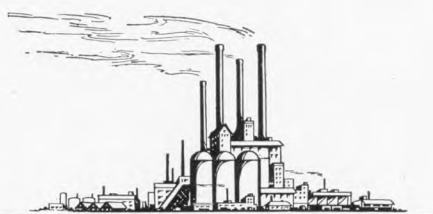
The proposed bill in various sections (see sections 12A, 8, 11 and 12g) departs from this regional principle by centralizing powers in the federal reserve board and by impairing the autonomy which each of the twelve federal reserve banks have so far possessed.

The treasury of the United States: The federal reserve act wisely provided that the reserve system should act as fiscal agent for the government and should facilitate the marketing of United States obligations. In the coming years the volume of such federal financing is bound to be heavy.

The proposed bill would seriously interfere with such treasury financing by checking the ready marketing of United States issues. In section 11 the proposed bill places a penalty on the holding of such securities by member banks which are the most important buyers of United States bonds.

Member banks: We, as bankers, fully realize that our business is quasi-public in nature and therefore government supervision is necessary. For this reason, congress in the past has developed the national bank act and the federal reserve act with its numerous amendments, but all this legislation has accepted the fundamental principle that final responsibility for bank management and bank policy rests with the individual banker himself.

Sound and Marketable common stock collateral



Corporate Trust Shares are readily marketable through a nation-wide organization of banks and investment houses. Moreover, the Trust Agreement provides that they may be converted directly through the trustee into the underlying securities or cash.

These shares offer the security of high grade common stocks plus the security of wide diversification.

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*Accumulative Series**

SMITH, BURRIS & CO., Central Syndicate Managers
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Detroit New Orleans Omaha

*Also available in distributive type known as Series AA.

Holders of OLD SERIES Corporate Trust Shares may, if they desire, exchange for either of the new series—on a preferential basis. Get details from any authorized distributor.

The Portfolio of the new Accumulative Series is comprised of stocks of these

**30
COMPANIES**
in equal share amounts

INDUSTRIALS

Allied Chemical
American Can
Am. Radiator & S. S.
American Smelting
American Tobacco
Borden
du Pont
Eastman Kodak
General Electric
International Harvester
National Biscuit
Otis Elevator
Procter & Gamble
Union Carbide
United States Steel
Westinghouse
Woolworth

UTILITIES

Amer. Tel. & Tel.
Columbia Gas & Elect.
Consolidated Gas of N. Y.
Electric Bond and Share
North American
United Gas Improvement

RAILS

Atchison Top. & Santa Fe
New York Central
Pennsylvania Railroad
Union Pacific

OILS

Standard Oil (Indiana)
Standard Oil (New Jersey)
Texas Corporation

The proposed bill transfers some of this responsibility to the federal reserve board at Washington. We are of the opinion that such banking powers were not intended, under the federal reserve act, to be conferred on the federal reserve board, but that the board was intended to be an organization to exercise supervisory powers and not to control banking operations.

Securities market: There have been four outstanding national movements inaugurated by a nonpartisan movement which were intended to arrest the progress of extreme deflation and to stabilize conditions. We refer to the organization of the national credit corporation and the citizen's reconstruction organization. Also the passage by congress of the reconstruction finance corporation bill and the Glass-Steagall bill. We are fearful that the proposed bill will, to a large extent, nullify these efforts by causing a further liquidation of securities which would decrease their market value at a time when the owners are not able to stand further losses.

The reconstruction finance corporation seeks to enable banks to carry investments which are sound but temporarily unmarketable except at a substantial loss. The proposed bill would require banks to throw these securities on a market which is yet too weak to absorb them.

General business: Recent national movements have recognized that business recovery cannot come about through decreasing the value of investments and commodities, but rather by stabilizing the prices of investments and commodities at somewhere near their real values. This desired condition cannot be brought about by reducing the volume of credit but rather by increasing the amount of available credit.

The Glass-Steagall bill very wisely provided for the release of approximately \$700,000,000 in gold to secure federal reserve notes. The enactment of this bill would have just the opposite effect and cause an increase of approximately \$227,500,000 in gold reserve through the increase in reserve requirements against time deposits.

It is quite possible that under the provisions of this bill commercial business not entitled to bank credit in its single name note might not be able to get accommodation on good marketable securities if its depositor bank had already reached the limit of collateral loans as provided by the bill.

We believe that the groundwork has been laid for improvement in business. Many large business concerns have mapped out plans for the expenditure of large sums in the employment of labor and the purchase of materials, but we sincerely believe that their plans will be interrupted or held in abeyance should

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We are always in the market to buy Iowa county bonds or city and school bonds of the larger municipalities. If you have any securities which you wish to liquidate, send us complete information and we will forward an immediate cash bid.

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are a standard medium for short term investment. Based on highly liquid assets, they provide a sound instrument for the temporary employment of surplus funds. GMAC obligations are in country-wide demand for the security portfolios of individuals, institutions and thousands of banks.

available in convenient maturities and denominations at current discount rates

GENERAL MOTORS ACCEPTANCE CORPORATION

OFFICES IN PRINCIPAL CITIES

Executive Office -- BROADWAY at 57TH STREET -- New York City

CAPITAL AND SURPLUS SEVENTY MILLION DOLLARS

Northwestern Banker April 1932

they be fearful of legislation affecting their business adversely.

We believe that the enactment of this bill making sweeping changes in the national bank act; the federal reserve act; concentrating additional powers in the federal reserve board; and in the federal reserve banks, and the control provided for the administration of member banks, would be most harmful to the federal reserve system, member banks and to business in general.

Valuation and Technical Progress

The effect upon the valuation of public utility property of technical changes in the industry constitutes an important problem of major interest both to consumers and to owners of utility securities. Substitution of natural for manufactured gas in whole or in part, for example, may

make part of the investment of a gas company no longer absolutely necessary for its service of the public. Discovery of new natural gas fields in the vicinity of centers of consumption may make long-distance pipe lines to the same places no longer indispensable. This raises a complex question as to what extent investment in facilities which tend to be displaced by new developments and new discoveries should be protected by regulatory commissions and the courts in rate cases.

The experience of the past shows that it is a truism that when economic or technical progress occurs at too rapid a pace to permit gradual adjustment to new conditions the result may be, at least for a time, considerably more harm than good. Insistence by the commissions and the courts that utilities utilize newer and cheaper methods and sources of supply as far as feasible, and write off the invest-

ment in the older and displaced facilities, may prove dangerous to the future welfare of the industry. The basis of public utility regulation in this country is that private investment in facilities devoted to the public service shall earn a "fair" return that should in practice be high enough to attract additional investment. If new technical developments are allowed to severely impair the value of such investments, however, new capital may easily be discouraged from entering the industry.

At the same time, however, serious objection may arise in many cases against permitting utilities to include in valuations large investments in old and obsolete facilities along with new capital expenditures on modern and efficient properties which replace the old. The way out is to adopt depreciation accounting practices which will take account of technical changes and allow for them on a gradual basis. Through careful cooperation between companies and commissions, this should be possible on a reasonable basis, without having to resort to litigation which will subject the matter to the hard and fast rules of legal precedents.

The place of partly displaced property in valuation is, of course, determined to a considerable extent by whether or not any use at all is being made of such facilities. If property is wholly abandoned, without any likelihood that it will be utilized again, rapid depreciation or complete writing off is desirable. Where it is used to only a minor extent, or perhaps is retained only as a stand-by facility in case of special need, depreciation may well be less rapid. Where facilities continue to be largely used, however, the fact that cheaper processes or sources of supply are available should not lead to insistence by the commission on any rapid writing down of valuations, if the principle of attracting new capital to the utility industry by reasonable returns is to be maintained.—From New York *"Journal of Commerce."*

Liquidation Overestimated

A comparative analysis of investment trust portfolios hardly supports the contention that investment trust liquidation was an important factor in the stock market decline of 1931, according to Frazier Jelke & Company. At the end of 1931 the ownership of a group of investment companies in 162 selected stocks aggregated 10,487,855 shares compared with 11,583,959 shares at the end of 1930. At the close of last year combined holdings of the same companies in 29 different stocks aggregated more than 100,000 shares compared with 31 stocks in the 100,000 share group at the end of 1930. Combined ownership aggregated 50,000 shares in 64



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We maintain active markets on all Iowa Municipal Bonds and will appreciate your inquiries either for the purchase or sale of any of the issues in which you or your customers are interested.

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INVESTMENT BANKERS

BURLINGTON, IOWA

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Northwestern Banker April 1932

issues against 74 issues at the close of 1930.

Probably fixed trust liquidation in stocks on which dividends were omitted was substantial, the Jelke Investment Survey points out, but there are no statistics to show its probable extent.

Consolidated Gas of New York has replaced American Telephone as the favorite stock of investment trust managers, but the latter maintains second place, with General Motors and National Dairy Products tied for third choice. Other issues favored by at least 25 of the 85 companies are American Gas & Electric, Public Service of New Jersey, General Electric, Pacific Gas & Electric, Southern California Edison, United Gas Improvement, Electric Bond and Share, American Can, Borden Company, Drug, Inc., Electric Power & Light, United Corporation and United Light & Power A.

The survey reveals (1) an unexpectedly small decrease in the number of common shares held; (2) a prejudice of investment trust managements against railroad, mining, oil and bank shares; (3) an increased demand for investment yield; (4) less interest in more speculative stocks; and (5) a large amount of switching during the past year from issue to issue and group to group.

"Union Pacific has replaced New York Central as the most popular rail, and Consolidated Gas is substituted for American Telephone & Telegraph as the most frequently held public utility; General Electric regains its 1929 standing as the leading industrial, a distinction temporarily taken from it in 1930 by United States Steel. In the metal group International Nickel has become more popular than American Smelting, while among food stocks National Dairy Products is now more widely held than Borden. Safeway Stores is owned by more investment trusts than Woolworth. Loew's, Inc., quite logically takes the place of Paramount-Publix as the first choice of trust managements in the amusement field," says Frazier Jelke & Company.

"The following stocks are among those owned by more trusts at the end of 1931 than in 1930: American Light & Traction, Chrysler, Drug, Inc., First National Stores, General Foods, Guaranty Trust, National Dairy Products and United Gas Improvement.

"There is a rather important decrease in the number of investment trusts owning the following stocks: Aluminum Company, American Power & Light, American Radiator & Standard Sanitary, American Smelting, American Telephone & Telegraph, Anaconda, Atchison, Baltimore & Ohio, Chase Bank, du Pont, Eastman Kodak, Electric Bond and Share, Electric Power & Light, First National Bank of New York, General American Tank Car, International Telephone, Kennecott Copper, Kresge, Kreuger & Toll,

Liggett & Myers, New York Central, Procter & Gamble, Radio Corporation, Southern Pacific, Southern Railway, Texas Corporation, Union Carbide, United States Steel, Western Union and Westinghouse Electric.

"The largest proportionate decreases in the number of shares held by the 162 companies occurred in American Radiator & Standard Sanitary, International Harvester, Kreuger & Toll, Procter & Gamble, International Telephone, Union Carbide, Westinghouse, Woolworth, Aluminum Company, Kresge, Kroger Grocery, Studebaker and General Motors. The aggregate number of shares of oil companies, rails and banks is materially reduced. On the other hand, investment trusts in 1931 accumulated a larger number of shares of American Machine & Foundry, Commercial Solvents, Continental Can, Deere & Company, Delaware & Hudson, Drug, Inc., First National Stores, United Corporation, Southern California Edison, Pacific Gas & Electric, North American Company, American Power & Light, American Gas & Electric, General Foods, Gillette Safety Razor, International Business Machines, Loew's, Inc., National Power & Light, Mathieson Alkali, J. C. Penney and American Ice.

"Most of the investment trusts, especially the larger companies, now maintain extensive research organizations and analyze securities and situations carefully before buying or selling. The preferences indicated show a well defined trend in the investment thought of an important group of experts."

Western Union Dividend

The board of directors of the Western Union Telegraph Co. last month voted a quarterly dividend of \$1 on the common stock, placing that issue on a \$4 annual basis.

Three months ago the company voted a payment of \$1.50, compared with \$2 previous to that date. Last month's declaration is payable April 15th to stock of record March 18th.

Quotations for Air Passengers

For the first time in the history of the brokerage business, passengers on regular air transport planes will be supplied with up-to-the-minute market quotations while en route. This will be made possible by an arrangement between the brokerage firm of Fenner, Beane & Ungerleider and the Eastern Air Transport System.

Fenner, Beane & Ungerleider operate one of the largest wire services in the country.

A La Joyce Kilmer

Jokes are made proletarians,
But only God can make Rotarians.

—Penn State Froth.

IOWA MUNICIPAL BONDS

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Reasonable net return
Ready marketability

Bonds on Iowa municipalities
contain these essential elements
of a sound investment

Write for our list of
high grade Iowa bonds

The White-Phillips Co., Inc.

Investment Bankers
DAVENPORT, IOWA

OFFICES IN
51 CITIES


Extra Protection

SUBSTANTIAL extra protection is provided by a special Certificate Reserve over and above our legal liability, set aside on a scientific actuarial basis as added assurance and as a guaranty of the payment of Investors Syndicate Installment Investment Certificates as they come due. This reserve now exceeds \$6,000,000, and increases as outstanding Certificate obligations increase.

Assets Over \$46,000,000

INVESTORS SYNDICATE

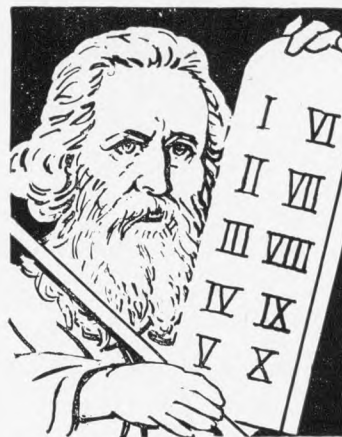
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MINNEAPOLIS
BOSTON LOS ANGELES
MONTREAL



Northwestern Banker April 1932



Great Salesmen of History



MOSES

A master salesman was Moses, the great leader of the Israelites! Among the heroes of the world few exhibit such a combination of strength and spiritual nobility.

Every schoolboy knows the story—how Moses, born in bondage, was found by Pharaoh's daughter and brought up in great wisdom and learning in the Egyptian courts.

But his people were to have a Deliverer, and, later, for forty years, with prophetic faith and fervor, Moses inspired and comforted his followers. He did not live to see the Promised Land. Nevertheless, through his Decalogue, the ideals Moses upheld became the moral laws for the Jews and today form the basis for the ethical standard of the world.



ROYAL UNION LIFE INSURANCE COMPANY

Des Moines

A. C. TUCKER
Chairman of the Board

Iowa

J. J. SHAMBAUGH
President

Business Convulsions—and Life Insurance

By DR. S. S. HUEBNER

A Painful Thing

WE HAVE been living, as we all know, in two hectic years called a business depression. I don't like that word "depression." I prefer to call it a "business convulsion."

These convulsions have taken place at more or less regular intervals for centuries. And I believe that for many, many years to come—probably for all time to come—as long as we have credit and as long as the human being remains a speculative animal, we shall have this terrible phenomenon known as the business convulsion.

The fundamental cause is the same in all of them and was the cause in 1929. That cause, briefly stated, is excessive speculation backed up with foolish credit.

The accumulation of an estate over a long period of time through systematic labor, patience and compound interest does not appeal to many.

A man does not merely speculate in stock. He speculates in real estate, in manufacturing, in mining, in wholesaling, in retailing. He borrows money beyond his capacity in a high state of hope. The banker himself, being a human being, is just about as speculative as the other fellow.

The Explosion Comes

INALLY, however, the explosion comes, as it came in 1929, and following that explosion in the stock market, business begins to let up.

As time goes on, the situation gets worse and worse, the vicious cycle has started, economy is being practiced by everybody because they all feel poorer.

Things gravitate finally from the blue to the jet black. And when they get into the jet black, that is a good sign because the future must be better.

I doubt whether there is any individual who can answer the question, "When will it end?" But I will make a statement, and I am not afraid to make it because I know I am right, and that is that the stock market will tell us when this business depression ends. There will come a time, I hope soon, when the stock market will begin to rise, probably when we least expect it. That market will begin to go up little by little, but it will keep going up.

A lot of shrewd business men, who watch the stock market as a mercury, indicative of the tendencies of the future, will say, "I

guess I shall begin to buy. I am not going to buy just for immediate delivery, but I shall buy for the long pull. I shall buy futures for a whole year ahead. It is wisdom to get as much as possible and obtain it as cheaply as possible."

Commodity prices will begin to rise because of this demand and the wheels of production will begin to turn. And that stock market will keep going higher and higher. And then in about seven or eight years it will have reached dizzy heights again, and business will be trailing after. Then finally the stock market will stop. Now the cycle is completed, and this thing happens over and over and over again.

"The stock market will tell us when the business depression ends. There will come a time, I hope soon, when the stock market will begin its rise, probably when we least expect it. That market will begin to go up, little by little, but it will keep going up."

To understand the significance of insurance I ought to tell you a little about the havoc which is played in these cycles. I think I am conservative when I say that at least one-fifth of all American estates have been wiped out altogether during the last two years. One-fifth wiped out, one-half of all estates clipped in two, and at least three-quarters of all estates clipped to the extent of one-quarter. Comparatively few only are spared.

An estate consists of three types of assets. The first type consists of real estate, fixed capital. I think it is approximately correct to say that at least one-half of the dollar valuation of real estate in the United States, as it existed in 1928 and 1929, has been wiped out during these last two years.

The second type of asset that makes up American estates we call securities; stocks, bonds and mortgages. What the tremendous panic of October and November of 1929 did was merely to wipe out the huge rise that took place in the valuation of stocks during 1929 and on top of it \$3,000,000,000 more.

HOWEVER, the really painful thing happened afterwards. Within a two-year period there has been wiped out in dollar valuation of all the stocks listed on the New York Stock Exchange a total of \$33,000,000,000. However, we have many other exchanges, and any number of unlisted securities, and I think I am not far wrong when I say that the dollar valuation of stocks in this country has declined \$70,000,000,000 to \$75,000,000,000 within the last two years.

Now we come to bonds. With respect to all the bonds listed on the New York Stock Exchange the depreciation during 1931 has been \$12,000,000,000.

Mortgages have fared better, but if we are correctly informed there were about \$5,000,000,000 of real estate mortgages in default at the close of 1931.

Thirdly, American estates, consist of basic commodities used in industry; commodities used in manufacturing, wholesaling, retailing. What a slaughter of value there has been in those commodities.

Fortunate was the man in 1929 who was poor in goods. Unfortunate was the man who was rich in goods. The richer he was in goods in September, 1929, the bigger is the mess in which he finds himself today.

These troubles called "business convulsions" cure themselves. They burn out, so to speak. As a rule, we begin to propose all kinds of remedies when the thing is about over, and whether something is done or not, we will be a great rich nation and will pass into the next period of prosperity just the same.

We know that these convulsions come more or less regularly, at short intervals. Why should we always emphasize in life insurance the one emergency called death? A human being can die only once in a lifetime. Why should we always emphasize that once?

After all, life insurance is an estate proposition, and every human being in the course of a normal lifetime passes through at least five or six of these business convulsions before he reaches the age of retirement. Why shouldn't he insure himself with respect to the six emergencies, and not be thinking only of the one called death?

One purpose of life insurance is to insure against a financial death. Physical death is important, and we need

N^WNL

Accomplishments in 1931

N^WNL closed 1931 with no bond, in its long list of bond holdings, in default as to principal or interest.

The market value of its bond holdings (determined as prescribed by the National Convention of Insurance Commissioners) was nearly ½ Million Dollars greater than the amortized book value at which they were carried in the Company's statement for December 31, 1931.

It enjoyed the largest income (over 12½ Million Dollars) of any year in its history.

Its cash funds available for new investment during the year exceeded the cash disbursements by more than 7¾ Million Dollars. Of these funds, over 2½ Million Dollars was loaned to policyholders, on the sole security of their policies and without delay.

In addition to policy loans, it made other new investments in high grade securities of approximately 5 Million Dollars. Exclusive of policy loans, total cash funds available for investment during the year were equal to 42% of the cash receipts.

The Company increased its assets during the year by \$3,900,000.

It increased its reserve funds by over \$3,800,000.

It decreased its management expenses and increased its surplus, both substantially.

It increased (by approximately 10 Million Dollars) its total paid-for insurance in force, and closed the year with over 360 Million Dollars insurance outstanding.

**NORTHWESTERN NATIONAL
LIFE INSURANCE COMPANY**
O. J. ARNOLD, PRESIDENT
STRONG ~ Minneapolis, Minn. ~ LIBERAL

life insurance to insure against that. But a human being has a fine chance to die at least half a dozen times financially before he is consigned to the casket, and he needs life insurance to protect him against each successive bump to which he is subject as he passes through these various business convulsions.

When we have a situation so serious as this, and which is known to be so certain to happen, I think we ought to get ready and whenever we have a risk the only institution we can turn to is insurance. Insurance is called in our colleges "risk and risk-bearing."

I have in mind the one and one-half million partners in co-partnerships. I have in mind the one and one-half to two million stockholders in comparatively small closed corporations. There are only about two thousand corporations in the United States large enough to be listed on an exchange. There are about five hundred thousand corporations, however, in existence in this country.

I have in mind also the millions upon millions of sole proprietorships in this country, the professional men—the teachers, the doctors, the dentists, the lawyers, the engineers. They are all in business.

There are millions and millions of people who are vitally affected whenever one of these business convulsions arrives. And, here is where life insurance comes forward to serve as an emergency fund.

What are the attributes of an emergency fund? They are five in number. Let me give them to you and let me say in advance that life insurance meets every one of them, 100 per cent.

In the first place, an emergency fund must be absolutely emergency-proof itself. The life insurance investment, the cash value, is absolutely emergency-proof.

Secondly, an emergency fund should grow as rapidly as possible through the workings of compound interest. The return on the life insurance investment ranges from four and three-quarters to five per cent in legal reserve companies.

Thirdly, an emergency fund must be made fool-proof against the folly of the accumulator. And life insurance does that. The insured hasn't any selection of investments to make. He doesn't have to give any thought to the spread of risk. The life insurance company takes each one of his premiums and spreads it out over an enormous number of investments. He hasn't any reinvestment problems to attend to. He hasn't any management to exercise. He hasn't any coupons to clip. He hasn't a single thing to do except to earn the money and hand it over, and from that moment on it is protected against any emergency arising out of his own personal folly.

Fourthly, an emergency fund must be unshrinkable. Little good does it do a man to say, "I am going to accumulate a fund for emergency purposes," and then when the emergency arises to find that that fund

has depreciated by 25, 30, 40 or more per cent.

Your life insurance emergency fund is unshrinkable. In dollars it remains a constant. Not one of the millions upon millions of life insurance emergency funds has shrunk one single dollar.

Lastly, an emergency fund to be an emergency fund must be immediately available. That is where a lot of people have become very wise in these last two years. They couldn't get their money when they wanted it. But the life insurance emergency fund was available, and for many people it was the only money which was available.

So, from the standpoint of availability, unshrinkability, freedom from all managerial care, rapidity of growth through compound interest, and absolute solvency of the fund itself, life insurance is 100 per cent of an emergency fund.

Someone will ask this question, "Do I understand that you advocate borrowing on life insurance?" I am the last fellow in the world to advocate the borrowing of life insurance moneys. No, sir! That is the last thing that should be borrowed. But, I am also the last fellow in the world who will say that life insurance money should not be borrowed when the acid test of an emergency has actually arisen.

I love my life insurance for three reasons. First, I know that should I live long enough to create an investment estate myself, I shall have one handed to me. Secondly, I love it because I know that if I do live I shall have a decent estate when the age of sixty-five is reached because I am using my life insurance to protect me against all my many weaknesses in the field of thrift and investment.

But, thirdly, I love my life insurance, because I know that at any time, should I be seriously ill, should I ever be out of work for any long period of time, should I ever have the bottom taken from under my life's work, there is a sum of available money when the acid test comes. I don't want it unless there is the acid test. But when the acid test has arisen, one of the fundamental purposes of my life insurance is to make available a goodly sum of money which can be obtained.

Becomes State Manager

H. T. Zuzak of Boonville, Missouri, recently signed a state manager's contract with the Guarantee Mutual Life Company of Omaha, covering nine counties in central Missouri.

Mr. Zuzak's organization will be known as the "Heart of Missouri" agency and headquarters will be maintained in Boonville for the present.

Shake for a Living

"What do you do for a living?"

"I work in a burlesque show."

"Shake!"—*Penn State Froth.*

Takes Over General Mutual

THE Farmers Mutual Hail Insurance association of Des Moines has purchased the General Mutual Insurance association, W. A. Rutledge, secretary of the former firm, announced last month.

The sale will involve the reinsuring of all business which the General Mutual has in force by the Farmers Mutual, Mr. Rutledge said.

The company sold was organized in 1903 and incorporated to operate in Iowa in 1923. It has an annual gross income from premiums and assessments of approximately \$226,000, according to the state insurance department.

\$100,000,000 Insurance

THE General Mutual has approximately \$100,000,000 worth of insurance in force, including its automobile business. The Farmers Mutual has \$400,000,000 worth of insurance in force, including reinsurance and automobile insurance.

The Farmers Mutual, which is the biggest hail insurance company in the United States, was founded in 1893. Its ledger assets are more than \$1,100,000, according to the state insurance department.

It operates in Iowa, North and South Dakota, Missouri, Illinois and Indiana. Perry Rutledge, Storm Lake, is vice president; E. B. Rutledge, Fort Dodge, treasurer; and W. A. Rutledge, Des Moines, secretary.

The Farmers Mutual, during the past 39 years, has paid out in losses more than ten million dollars. Its cash surplus, according to its December 31, 1931, statement, was \$1,226,861. It has almost ten dollars in assets for each dollar of liability.

New Disability Feature

A new feature has been announced by the Northwestern National Life of Minneapolis in bringing out new disability provisions. The new feature is a clause providing monthly benefits, \$10 per \$1,000 of insurance for total and permanent disability resulting from accident only. It also provides for waiver of premiums in event of disability resulting from either accident or illness, and double the face of the policy in event of accidental death.

In addition to the accident clause the company also announced a revised waiver of premium and a revised total disability clause—all to be effective March 15th.

The company's revised disability clause provides for waiver of premiums and benefits of \$5 a month for each \$1,000 of insurance, disability to be considered permanent if it continues for six months, payments to accrue from the end of the fifth month. Disability must occur prior to age 55 if the insured is a man or 50 if a woman.

Announcing.....

THE PURCHASE OF THE GENERAL MUTUAL INSURANCE ASSOCIATION

BY THE
FARMERS MUTUAL
Hail Insurance Association
of Iowa

We are pleased to announce the acquisition of this outstanding auto liability insurance organization and wish to assure all present General Mutual policy-holders of the same splendid service and prompt equitable settlement of claims as have characterized this organization in the past. Effective March 2nd, all business of the General Mutual organization will be transacted at the offices of Farmers Mutual Hail at 722 6th Avenue, Des Moines.

Full coverage automobile liability, hail, wind, tornado and town dwelling house fire insurance is written by Farmers Mutual Hail, bringing to the people of all Iowa protection at a minimum cost.

E. B. RUTLEDGE, *Treasurer*

W. A. RUTLEDGE, *Secretary*



DES MOINES, IOWA

In the accident disability clause, disability is also considered permanent if it continues six months with benefits accruing from the end of the fifth month. However, the clause is more liberal in that any disability occurring before age 60 is covered, and women are insured on the same basis and at the same rate as men.

In the waiver of premiums clause the definition of disability and the waiting period are the same as in the others. Disability must occur prior to age 60 if the insured is a man and age 55 if a woman.

Directory of County Bankers

A directory of county key bankers and agricultural committees of the state bankers associations, cooperating with the extension service of the colleges of agricul-

ture and agricultural commission of the American Bankers Association, has been published by the commission.

A plan is outlined in the directory which is efficient, avoids duplication of effort, and ties closely the two organizations best fitted to cooperate with and encourage farmers, namely, bankers and extension personnel of the state colleges of agriculture. A brief summary of banker-farmer activities reported for one year shows that \$106,000 was expended by banks for agricultural improvement. As many as 38,558 bankers attended and participated in agricultural meetings, where bankers and farmers became acquainted and learned each other's problems. As a result of the effective plan as outlined in the directory, 8,000 farm folk were enlisted in a better farming program.



THE mighty oak sinks its roots far into the protecting earth. Hurricanes cannot uproot or destroy it while vibrant with life and growth. In droughts, it goes deeper for the sustenance it needs to attain beauty and usefulness.

Life Insurance, too, has withstood the winds of adverse conditions many times, its roots deep in the fundamental solidarity of the nation. Financial droughts have increased its benefits and value.

Central Life has passed through a number of economic depressions in its thirty-six years of existence. Today, its financial foundations are more stable than ever and its opportunities more certain.

Central Life Assurance Society

(Mutual)

DES MOINES

IOWA

Northwestern Banker April 1932

A Banking Career

An estimate of banking as a career, by Reeve Schley, vice president of the Chase National Bank, will be issued again when Doubleday Doran republishes "An Outline of Careers," a practical guide to achievement, edited by Edward L. Bernays, the distinguished public relations counsel, who also contributes the chapter on public relations.

This symposium, bringing a fresh attitude for young men faced with mapping out their careers, is opportune, according to Mr. Bernays, because it comes at a time when general business conditions have tended to deaden ambition. Such a survey of the possibilities in the various vocations, it is felt, will provide an impetus to the enthusiasm of these young men which may help them in recapturing a normal approach to work, achievement and possible success.

Mr. Schley has been vice president and director of the Chase National Bank of New York since 1917. He is a member of the New York State Chamber of Commerce and president of the American-Russian Chamber of Commerce. He was United States fuel administrator for New York county from 1917 to 1919.

In his chapter on banking in this book he states:

"Three years' hard work in an apprenticeship in a bank with the background of a college education will give a man at the end of those three years a far more practical education than the time spent in the study of the technique of banking in some other institution."

"A young man must come to a bank with the expectation that, however good his education may be, he must expect to learn the practical details by actually doing them and by watching older men do them," he adds.

Other chapters in the book were written by: A. C. Ernst, of Ernst & Ernst, on Accountancy; Stanley Resor, president of the J. Walter Thompson Company, on Advertising; Nelson A. Crawford, former director of information, United States Department of Agriculture, now editor-in-chief, *Household Magazine*, on Agriculture; Joseph H. Schaffner, of Hart, Schaffner & Marx, on Clothing and Allied Industries; John Hays Hammond, on Engineering; the late F. Edson White, formerly president of Armour & Company, on Foodstuffs; Roy W. Howard, chairman of the board, Scripps-Howard Newspapers, on Journalism; Jesse L. Lasky, vice president of Paramount Public Corporation, on Motion Pictures; Edward L. Bernays, public relations counsel, on Public Relations; R. R. Deupree, president of the Procter & Gamble Company, on Salesmanship; the late C. H. Markham, formerly president of the Illinois Central Railroad, on Transportation.

Lottery for Charity

One hesitates to use the word "amusing" when discussing any one phase of the very serious economic depression which has the entire world in its grip. Yet amusing indeed is a British proposal to raise money by lottery for charity, and for scientific and artistic purposes. A bill to legalize the lottery passed the house of commons on its first reading by a vote of 176 to 123. The vote means little, except that a lottery similar to the Irish Sweepstakes might be established; there is, however, no evidence of probability.

The lottery is no new thing; it was thoroughly recognized in years past both in Europe and in the early days of the American colonies. The New York *Sun* quotes a diary entry made in June, 1758, by the Rev. Samuel Seabury, father of the first Protestant Episcopal bishop in the United States and great-great-grandfather of the sponsor of the present Seabury investigation:

"The ticket No. 5,866, by the blessing of God, in the Light-house and Public Lottery of New York, appointed by law . . . drew in my favor £500, of which I received £425, which the deduction of 15 per cent makes £500, for which I now record to my posterity my thanks and praise to Almighty God, the giver of all good gifts. Amen!"

Had this lottery result been published in an American newspaper of the present time and the paper sent through the mails, the person guilty of the offense would be liable to a fine of \$1,000 and two years in prison or both. Yet the *Sun* notes that the Virginia colony was assisted by a lottery, that after the fire of 1761, Faneuil Hall was rebuilt from the proceeds of a lottery, the Continental Congress tried to raise money by lottery in 1777, Yale used the lottery system in 1750 to raise building funds, and in 1772-1794 and 1806 Harvard obtained permission to hold a drawing to improve the state of its treasury.—From Chicago *Journal of Commerce*."

Commercial Failure Less

Commercial failures in the United States during February totaled 2,732, a decline of 21 per cent from the total for January. The February total, however, was 6.6 per cent higher than the February, 1931, total of 2,563, and established a new February high.

Chemical Honors Employe

Eugene I. Pascal, upon the completion of fifty years of service in the employ of the Chemical Bank & Trust Company, was presented by Percy H. Johnston, president, to the board of directors at a regular meeting recently and presented with an appropriate gift. Entering the service

of the Chemical Bank on March 1, 1882, at the age of sixteen, Mr. Pascal has served during the past fifty years in various clerical positions and is now vault officer at the bank's main office, 165 Broadway.

Lower Net Income

Lower gross and net income was reported by a group of large public utility holding companies, operating chiefly in the electric power and light field. Companies include Standard Gas & Electric, Stone & Webster and American Water Works & Electric.

Consolidated net income of the Standard Gas & Electric Co., for the year ended December 31, 1931, amounted to \$15,272,436, equivalent after interest, taxes and preferred dividends to \$4.02 a share on 2,162,607 shares of common stock, according to John J. O'Brien, president. This compares with \$19,490,584, or \$6.04 a share, at the close of 1930.

This large utility system recorded a slight decline in gross revenues in 1931, when they were \$145,528,803, against \$153,678,302 in 1930.

Cash Near \$18,000,000

The balance sheet as of the end of last year shows current assets substantially in excess of current liabilities, according to Mr. O'Brien. Cash on hand for the system totaled close to \$18,000,000 while bank indebtedness amounted to \$6,500,000, of which \$5,500,000 is the obligation of

the parent, Standard Gas & Electric. None of the affiliated companies in the entire system has any bank indebtedness.

Net income of Stone & Webster, Inc., and subsidiaries for the year ended December 31, 1931, amounted to \$3,291,784, after interest, taxes, write-offs, preferred dividends, etc., equal to \$1.56 a share on 2,104,500 common shares outstanding. This income is before losses of \$1,270,304 on sales of certain securities acquired prior to 1931. This compares with income of \$6,430,322, or \$3.82 on the average shares outstanding during 1930.

Gross revenues were \$59,522,087 in 1931, against \$52,509,294 in the preceding year.

Increase in Stock Tax

The 100 per cent increase stock transfer tax in New York state became effective March 1st. The tax was increased from 2 cents to 4 cents per share.

New Jersey Commissioner

Colonel William H. Kelly of East Orange has assumed his post of Commissioner of Banking and Insurance for New Jersey, succeeding Frank H. Smith. One of Colonel Kelly's first official acts was to appoint Vernon D. Peer as Deputy Commissioner. Mr. Peer succeeds G. Hayes Markeley, who resigned to become comptroller of the Howard Savings Institution of Newark.

CHAMBERLAIN

HOTEL

+MODERN DINING ROOM +
+POPULAR PRICED COFFEE SHOP +

FRANK G. WARDEN *President*
C.H. HARTNAGLE *Manager*

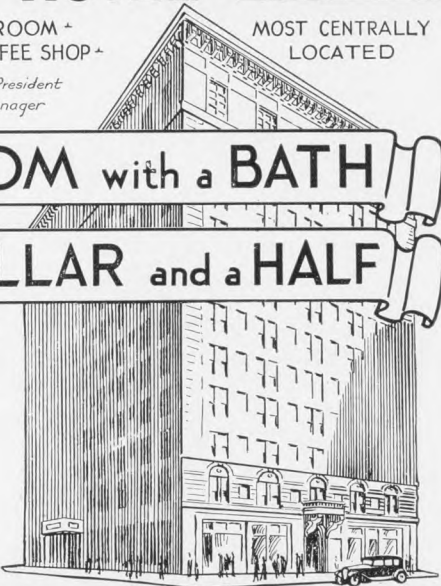
MOST CENTRALLY
LOCATED

A ROOM with a BATH

A DOLLAR and a HALF

OTHER ROOMS
\$2.-\$2.50
Other
WARDEN
HOTELS

THE OTTUMWA
Ottumwa, Iowa
THE EADMAR
Mason City, Iowa
THE JEFFERSON
Iowa City, Iowa
THE WARDEN
Newark, Ohio



DES MOINES

IOWA

Bankers' Wants



This department of THE NORTHWESTERN BANKER is to assist subscribers in obtaining goods or service hard to find. It is free to subscribers. To non-subscribers the charge is five cents per word. Use it. ASK US, as we can tell you where to buy anything you need in your bank or for your bank. TELL US, as your "want" will be published under the above heading free of charge. In answering classified advertisements which have key numbers please enclose a two-cent stamp. This is used to forward your letter.



Position Wanted—Teller or bookkeeper. Seven years' general experience country and city banks. Capable. Best of references. Good appearance. Address the Northwestern Banker No. 3182. 4.

Securities Salesmen—We are expanding our sales organization. Men with banking experience preferred. Attractive listed issues. Sales training, if desired. Future opportunity. Liberal com-

pensation. Address L. L. Harr & Co., 515 Merchants National Bank Bldg., Cedar Rapids, Iowa. 4.

Position Wanted—Lady stenographer, high school and business college graduate, age 23. Some office experience. Open for bank position. Address the Northwestern Banker No. 3188. 4-5.

Position Wanted—Cashier. Now employed as cashier but desires position in town where there are better school and church facilities. Protestant. Can furnish best of references. Address the Northwestern Banker No. 3186. 4-5-6.

Position Wanted—Five years' bookkeeping and teller experience in city bank. Also experience in handling notes and legal papers, being a Notary Public. Can furnish good references. Address the Northwestern Banker No. 3185. 4.

Agricultural Service—Secure a well trained and experienced farm management specialist to service your Central Iowa farms. Ten years farming, three years State College Staff, three years county agent. Best of references. Clarence Pickard, 3201 Leado, Des Moines, Iowa. Phone 5-4098.

Position Wanted—Assistant cashier. Nearly two years' experience as assistant cashier in small country bank. Married. Age 25. Protestant. Can give best of references. Address the Northwestern Banker No. 3183. 3-4-5.

The Prosperity Poster

LET'S GO!

KEEP YOUR FEET on the GROUND
have FAITH in YOURSELF
YOUR COUNTRY and HUMANITY

ENDORSED BY
THE GERLACH-BARKLOW COMPANY
 JOLIET, ILLINOIS

Available for distribution in YOUR community.

Identifies YOUR BANK with every forward movement looking to the return of prosperity through increased faith and confidence.

A most constructive advertising campaign.

THREE SIZES

27 x 43
 15 x 23
 3½ x 6¼

WRITE TODAY FOR DETAILS

THE GERLACH-BARKLOW COMPANY

Creators of Good Will Advertising

JOLIET, ILLINOIS

(Prices and Samples On Request On Bank Letterhead)

FRANCIS DRAKE HOTEL

200 ROOMS \$2.00 PER DAY AND UP 200 BATHS
 Guest rooms and kitchenette apartments Special weekly and monthly rates
 10th STREET AT 5th AVENUE

MINNEAPOLIS

Accountants

Oldest firm in Des Moines
 Call us for certified work

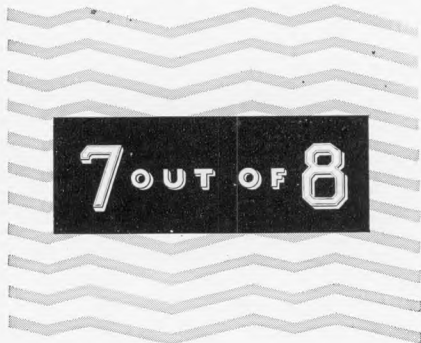
MUEHLE, BOYD & McCLAIN
 1106 Commonwealth Building

Position Wanted—One year and a half general banking experience as machine bookkeeper and stenographer. Single. Age 25. Address the Northwestern Banker No. 3179. 2-3-4.

Position Wanted—Fifteen years' general banking experience. One year as Assistant Cashier and fourteen years as Cashier of the same bank. Good reason for wanting another position. Married, age 43. Good reference. No preference as to town. Address the Northwestern Banker No. 3181. 2-3-4.

Position Wanted — Eighteen years' banking experience in country banks from bookkeeper to cashier in sole charge. Married, age 38. Protestant. Best of references furnished. Will accept small salary to start in order to get chance to prove worth to employer. Address the Northwestern Banker No. 3180. 2-3-4.

IN PITTSBURGH 7 of the 8 leading banks supply their customers with checks made on La Monte Safety Paper . . . Here, as in all financial and industrial centers the country over, La Monte is the



preferred check paper, accepted, used, and appreciated for its safety, durability; for the distinction it lends to every transaction.

George La Monte & Son, 61 Broadway, New York City. Also branch offices in Chicago, Cleveland, Kansas City, St. Louis, Atlanta, Dallas, San Francisco and Baltimore.

LA MONTE SAFETY PAPER FOR CHECKS • NATIONAL SAFETY PAPER . . . BANKERS SAFETY PAPER . . . SAFETY CHECK PAPER . . . ANCHOR SAFETY PAPER . . . EXCHANGE SAFETY PAPER
— ALL LA MONTE PAPERS—ALL SAFE

On \$3 Dividend Basis

The board of directors of The Chase National Bank recently declared a quarterly dividend of 75 cents a share on the 7,400,000 shares of the bank, payable April 1st to stockholders of record at the close of business March 11th. This represents an annual rate of \$3 per share, and as the shares are of \$20 par value, represents a 15 per cent annual dividend rate on the stock.

This action of the Chase directors restores the dividend to the rate paid by the bank prior to July 1st last. On that date the bank assumed the 25-cent quarterly dividend previously paid by Chase Securities Corporation. That additional dividend has now been omitted from the disbursement, pending the return of conditions in the security markets which will justify a resumption of dividends by the securities affiliates.

Annual Convention

The thirteenth annual convention of Morris Plan Banks and Companies will be held at the Shoreham Hotel in Washington, D. C., September 29th, 30th and October 1st, according to an announcement by J. Rodney Ball, president of The Morris Plan Bankers Association, recently.

Mr. Ball stated that Bertram Chesterman, president of The Morris Plan Bank of Washington, had been appointed general convention chairman, and Wallace D. McLean, executive vice president of The Morris Plan Company of New York, chairman of the program.

Other committees will be announced at an early date and plans perfected to bring a large delegation of bankers and directors from these institutions in 32 states.

U. S. Treasurer Turns Author

How are government bills paid? How does Uncle Sam keep track of the vast sums of money pouring into his treasury? How much paper currency is in circulation? How much gold and silver? What is the difference between gold and silver certificates, United States bank notes, national bank notes and federal reserve notes? How do federal reserve banks assist the treasury, and how is the nation financed?

These and many related questions are answered by United States Treasurer Walter O. Woods in "The Story of Uncle Sam's Money," just published by the Gregg Publishing Company. Major Woods for the first time explains the United States fiscal system and the operations of the treasury department in language that the man of the street can grasp without first studying a course in finance and banking. At a time when the small salaried man and the wage earner are as vitally affected by government finance as Wall Street and the nation's giant financial, commercial and industrial interests, Major Woods presents a picture of the operations of the treasury department in plain, every day language, clearing up many points that have baffled everybody except experts in high finance and students of economics.

That millions of dollars of income taxes collected this year will probably be refunded to taxpayers is indicated by Major Wood's statement that many taxpayers overpay their income taxes, and thousands of returns "disclose a lack of understanding of the requirements" with resulting inadvertent voluntary overpayments.

Hope for the bewildered taxpayer who pays more income tax than the law re-

What?

What are you doing to build confidence?

What are you doing to prevent further hoarding?

What are you doing to bring out dollars now in hiding?

Master Thrift System service consists of a common-sense explanation on "HOW A BANK FUNCTIONS" and the important part your Bank plays in the prosperity of a community.

Work is done by competent and experienced men through direct personal contact. No charge except on permanent accounts secured.

◀ A desk statue of George Washington will be sent to those asking for details. No obligation, of course. ▶

Master Thrift System, Inc.

740 N. Plankinton Avenue — Milwaukee, Wisconsin

FIFTEEN YEARS' EXPERIENCE—OUR CLIENTS ARE OUR REFERENCES

Northwestern Banker April 1932

quires is held out by Major Woods in the statement that thousands of refunds are made without any claim being first made by the overgenerous taxpayer.

Major Woods reveals an interesting slant on the popular prejudice that ill luck is liable to come to the possessor of a two-dollar bill. Many superstitious people, believing that the "curse" is removed by tearing off the corner of a two-dollar note, so mutilate these bills that great numbers of them have to be retired on presentation—an unlucky and expensive superstition for Uncle Sam, or in the final analysis, the taxpayer.

Despite the unpopularity of these notes, they are kept in circulation because,

Major Woods explains, "it is economical for them to be kept in circulation. Clearly, a two-dollar note in use saves the use of one one-dollar note. It takes the place of and does the work of two "ones," an obvious saving of the cost of one note. As it costs about a penny to manufacture a note, it is good management for twos to be in circulation.

The same reasoning, states Major Woods, is applied to \$10,000 certificates, used by banks, clearing houses and in certain large real estate transactions. These large denomination bills are time savers for banks when presenting a great package of checks to the banks on which the checks are drawn, to be paid the large

sum with a few large bills instead of many small bills.

Rules on Conversion

The conversion of investment trust certificates of interest into the underlying securities making up the trust, pursuant to the trust provisions, does not give rise to gain or loss for income tax purposes, under an important ruling just announced by the general counsel to the Bureau of Internal Revenue, according to J. S. Seidman, tax expert of Seidman & Seidman, certified accountants.

"This ruling settles a point about which there has been considerable doubt," Mr. Seidman explains. "It was believed by many that the conversion would be taxable on the theory that it was like the redemption by a corporation of its own stock, which is treated under the tax law as a sale by the stockholder of his shares, and hence taxable to the stockholder. The general counsel points out, however, that when the holder of the trust certificate exercises his option to make the conversion, he sells nothing to the trust but merely terminates the trust relationship and receives the legal title to the securities to which he theretofore had equitable title.

"The stockholder, on the other hand, has no such right to terminate individually his relationship as stockholder by presenting his certificate for redemption. Nor does the stockholder acquire the right to any specific assets of the corporation, as does the beneficiary of the trust.

"The general counsel regards the beneficiary as being no richer nor poorer after exercising his right to demand and receive the underlying securities, than he was before, and therefore concludes that no gain or loss results for income tax purposes.

"The effect of the ruling will undoubtedly be to promote these conversions," Mr. Seidman added, "as in many cases the market value of the underlying securities is greater than the price at which the trust certificates are selling."

Leaves Commercial Field

George H. Burr & Co., investment bankers and dealers in commercial paper, with offices in New York, Chicago and Boston, announce the discontinuance of the commercial paper department of their business.

Scotch Baby's Birthday

"Ach, Sandy, the baby's swallowed a penny!"

"Weell, let him ha'e it—tomorrow's his birthday."—*Northwestern Purple Parrot.*



To Correspondents WE OFFER

- 1—Our Experience**—We have been in the banking business in Sioux City for more than thirty-five years.
- 2—Our Location**—This bank is located "at the Yards."
- 3—Our Facilities**—The various departments of this bank are geared to handle your livestock transactions promptly and efficiently.

LIVE STOCK NATIONAL BANK

SIoux CITY, IOWA

Affiliated with
NORTHWEST BANCORPORATION

"The Bank at the Yards"



South Dakota Bank News



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President

Officers South Dakota Bankers Association

President.....J. W. Bryant
Mitchell
Vice President.....T. M. Brisbane
Woonsocket
Treasurer.....Russell Bard
Miller
Executive Manager.Geo. A. Starring
Huron



GEORGE A. STARRING
Executive Manager

Surveys Association Work

Secretary George Starring of the South Dakota Bankers Association, recently sent out to all member banks a questionnaire asking them to indicate what association activities they deemed most valuable. Summarizing the results of the survey, Secretary Starring reported:

"Our members have checked over the various activities of the association and have indicated what they deem most important for the coming fiscal year as follows:

"First place goes to *information service*. This includes various special bulletins, *Sunshine Banker*, legal bulletins, etc.

"Second place was taken by *protective service* and *legislative service*.

"Third place was given to *reward* for capture of bank bandits.

"Fourth place was taken by *feed and seed loan* activities.

"Fifth place was awarded to *taxation* studies.

"Sixth place was a triple tie shared by *legal service*; promotion of *better banking practices*, including service charges, analysis of accounts, etc., and *insurance*. Legal service in many cases was marked higher and included as a part of information service; in fact legal got six firsts. Many bankers said ordinarily they would give promotion of *better banking* first place but for next year they think other items more pressing.

"*Public relations, advertising services, agricultural work* and other activities trailed the list as desired activities for next year."

At Whitewood

Maurice Briggs, formerly with the First National Bank of Deadwood, South Dakota, became assistant cashier of the Whitewood Banking Company last month, succeeding J. W. Davis, who has held the position for the past three years.

Mr. Briggs left Deadwood to accept a position with the Evans Tractor Company in Rapid City and the past winter has spent some time in the Battle Mountain Sanitarium, Hot Springs.

His family have been residing in Deadwood.

County Treasurer Ruling

A county treasurer would not be personally liable for making deposits of public funds in a bank in excess of 100 per cent of the bank's capital and surplus if the county commissioners, by resolution, authorized such deposits, the attorney general's office has informed J. L. Hannett, state's attorney at Winner, South Dakota.

The treasurer, however, "might become personally liable" by making deposits in excess of the amount of securities pledged by the bank as collateral, the attorney general's opinion said.

The 1927 legislature provided a special act by which county commissioners could authorize the deposit of public funds in excess of 100 per cent of a bank's capital and surplus.

Conditions in Canada

The measures adopted by the United States Congress to liquify frozen assets, release hoarded currency, expand credit and enlarge note circulation are expected to stimulate trade in that country and have favorable reaction upon conditions in Canada, according to the current business summary of the Bank of Montreal.

"The adoption by the Parliament of Great Britain of a comprehensive tariff upon imports, with preferences to products of British countries," the summary also points out, "can hardly fail to increase the commerce of Canada with the United Kingdom and, above all, trust is reposed in the Empire Economic Conference, meeting in Ottawa in July, to evolve a plan of preferences within the Empire that will redound to the advantage of all British countries in matters of trade."

The bank finds encouragement in the fact that the Canadian people out of their savings have readily absorbed bonds issued in recent weeks by federal and provincial governments. Of a total issue of \$1,246,954,000 bonds by Canadian governments and corporations in 1931, not less than nearly 90 per cent were placed within the Dominion.

Defends Land Bank

There is considerable misunderstanding concerning uses to be made of the \$125,000,000 recently appropriated by congress for strengthening the federal land bank system, according to Dennis P. Hogan, president of the Omaha Federal Land Bank.

Only \$25,000,000 of the total is for use in taking care of loan extensions and tax payments, Hogan said. The \$100,000,000 balance was appropriated expressly for the purpose of strengthening the capital structure of the land banks, he said.

It is being used to improve the character of security of federal land bonds by some of the banks. None of it yet has been given to the Omaha bank, which is in the best financial condition of any of the twelve federal land banks of the country, he said.

The Omaha bank's share of the \$25,000,000 for extensions is something over \$3,000,000, which is being used in the five states in the Omaha district.

"If all of the banks were in as good condition as ours the appropriation would have been unnecessary," Hogan said. "We haven't as yet received any of the \$100,000,000 to help the sale of our bonds because it was felt that we did not need this assistance. We can have our share at any time, however."

Farm Board Policy

If congress desires to curb the activities of the farm board, there is only one proper way in which to achieve this purpose—that is, by redefining the board's duties and amending the law which established it. To give away the board's stored wheat pledged against bank loans, to consider singling out members of the board for special salary cuts and to whittle away appropriations in disregard of consequences is a form of legislative irresponsibility deserving of severe condemnation by foes as well as friends of the farm board.

Congress legislated the farm board into existence and congress has imposed upon it certain duties whose execution requires the expenditure of vast sums of public money. If congress has at last repented of its own rashness and reached the conclusion that the farm board is a useless and overexpensive luxury, it should frankly admit its change of heart by either repealing or radically modifying the terms of the farm board act. So long as that law remains upon the statute books in its present form, however, congress is obligated to provide the board with the resources with which to carry on. In any case, contracts and commitments already entered into should not be ruthlessly disturbed.—From New York *"Journal of Commerce."*

Northwestern Banker April 1932

With St. Louis Office

Harold H. McLucas, vice president of the First National Bank of Fairbury, and for 25 years in the banking business at Fairbury, Nebraska, has been honored by appointment as manager of the St. Louis regional office of the crop production division of the U. S. Department of Agriculture.

Mr. McLucas has resigned his position with the Fairbury bank and left last month for St. Louis to take up his new duties, having charge of placing \$10,000,000 for crop production loans to the farmers of seven states.

Born and reared in Fairbury, Mr. Me-

Lucas has been with the Harbine Bank of Fairbury for 23 years, rising to the vice presidency of that institution, and has been a vice president of the First National at Fairbury since the consolidation several years ago.

The object of the new crop production division of the Department of Agriculture is to aid the worthy poor people in the farming sections of the United States, especially where banks have failed and no funds are obtainable for planting 1932 crops.

The crop production loans will be made from a \$50,000,000 revolving fund allocated to the Department of Agriculture

by the Reconstruction Finance Corporation, in accordance with the act of congress of January 22, 1932. Secretary Hyde has named Henry S. Clarke of Chicago as national director, and appointed Spokane, Washington; Minneapolis, Minnesota; St. Louis, Missouri; Dallas, Texas, and Memphis, Tennessee.

Mr. McLucas will have jurisdiction over the states of Kentucky, Illinois, Indiana, Missouri, Kansas, Oklahoma and eastern Colorado. Nebraska comes under the Minneapolis office.

Lancaster County Meeting

Officers of the Lancaster County Bankers Association elected last month at Lincoln, Nebraska, include: Henry Pothast, Prairie Home, president; J. C. Ruigh, Firth, vice president, and W. H. Dick, Waverly, secretary. Fred Carsten of Hallam is the retiring president.

Two addresses were given at the meeting which was attended by the thirty-five bankers of Lincoln and vicinity. George Woods, state banking commissioner, discussed general banking conditions in the county and state and P. R. Easterday explained the reconstruction finance corporation.

In the opinion of Mr. Easterday, the reconstruction plan will benefit western bankers and business just as much as large eastern banking interests. He pointed out that business morale will be boosted with the extension of the federal loans. Mr. Easterday also suggested that federal reserve banks will be relieved by loans and a more stable business foundation established.

Wins Slogan Contest

First prize of \$15 offered by the Douglas County Democratic Club, Douglas county, Nebraska, for a campaign slogan goes to Octave Le Blanc, Hastings, Nebraska, assistant receiver of the Elba State Bank, whose suggestion is a picture of the Liberty bell, carrying the caption, "Liberty Bell—It's Time to Ring Again."

Will Not Reorganize Bank

An attempt to reorganize the First National Bank of Hastings, Nebraska, has been discontinued.

Mayor William Madgett headed the reorganization group, and said business conditions in general had made it inadvisable to continue their efforts. The plan was to raise new capital and surplus of \$150,000. Thirty thousand dollars was pledged. The bank closed several weeks ago.

High-Hat

"Have you any distant relatives?"

"Yes—two brothers who have had college educations."—*Dartmouth Jack o' Lantern.*

THE MEASURE OF VALUE
of a CITY CORRESPONDENT
is its ability and desire to serve.
The facilities of this bank are complete for the prompt handling of any business.

We would like to prove both
our ability and desire to serve
you in Sioux City.



FIRST NATIONAL BANK
IN SIOUX CITY

A. S. Hanford, President

Frederick R. Jones, Vice Pres.

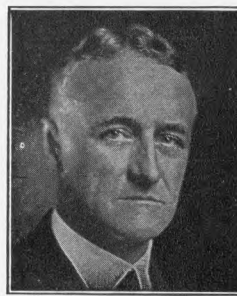
Fritz Fritzon, Cashier



E. N. VAN HORNE
President

Nebraska Bank News

President.....E. N. Van Horne
Lincoln
Chairman, Executive Council.....
.....W. H. McDonald
North Platte
Treasurer.....Carl Weil
Lincoln
Secretary.....Wm. B. Hughes
Omaha



WM. B. HUGHES
Secretary

A New Savings Plan

The Continental National Bank of Lincoln, Nebraska, has installed a new savings account plan, known as the monthly statement savings plan, which is working out in excellent fashion, according to R. C. Johnson, assistant vice president. Since it appeals primarily to teachers, lawyers, doctors, etc., it has resulted in securing more good savings accounts for the bank than any similar plan ever used.

In joining the monthly statement savings plan club, if the member already has a checking account with the bank, he agrees to authorize the bank to deduct on the tenth of each month, an amount such as five, ten, fifteen, twenty, or more dollars from his checking account and place it in his savings account. If the member does not have an account with the Continental National, he signs an agreement with the bank asking that the bank send him each month a statement for the monthly deposit which he has agreed to make. The bank pays 3 per cent on the savings accounts, each January and July.

The statement form which the bank sends out each month, in addition to stating the monthly deposit due, gives the depositor the total of previous deposits which he has made. The regular savings pass book is used, with the words "Monthly Statement Savings Plan" stamped across it.

The Continental National, affiliated with the Northwest Bancorporation, has assets and liabilities of \$6,062,523. Deposits are in excess of five and one-half million dollars. It is capitalized at \$200,000 and has a surplus of like amount, in addition to undivided profits and reserves of \$88,830. Officers include: Edwin N. Van Horne, president; T. B. Strain, vice president; Edward A. Becker, cashier; R. C. Johnson, assistant vice president and C. W. Battey, assistant cashier.

Quarterly Meeting

The quarterly meeting of the Garden and Deuel counties bankers association was held last month at Big Springs, Nebraska. At 7:30 a bountiful turkey dinner was enjoyed at the Klindt Cafe, after which dis-

cussion was carried on at the Farmers State Bank of Big Springs.

Every bank in the two counties, including Lisco, Oshkosh, Lewellen, Chappell and Big Springs was represented, thirteen bankers being present.

Leaves Bank at Pawnee City

Henry W. Blume, cashier of the Farmers State Bank of Pawnee City, Nebraska, severed his connection with that institution last month.

Mr. Blume, who had previously been engaged in the banking business at Elk Creek, came to Pawnee City as assistant cashier of the Farmers State Bank in 1914. In 1920 he was elected cashier of the bank, in which position he has served ever since.

Mr. Blume is leaving the banking profession, and has accepted the position of sales manager for the Merritt non-corrosive battery connectors, with Nebraska, Kansas and Missouri as his territory.

At Wood Lake

The Citizens State Bank at Wood Lake, Nebraska, has announced a change in their board of directors, J. A. Morris becoming vice president and E. G. Morris becoming a director.

State Banks

A directory of state chartered banks published by the Nebraska Department of Trade and Commerce and distributed last month showed 562 of these institutions were in operation June 30, 1931. In December, 1928, there were a few more than 1,000 state banks in Nebraska.

Dividend Payments

A total of \$476,939.26 was paid out to depositors of twenty failed Nebraska state banks during February as dividends from liquidation of bank assets, the state department of trade and commerce said last month.

Payments were as follows:

Farmers State Bank, Ansley, 1.8 per cent, \$3,285.19; Custer State Bank, Broken Bow, 5 per cent, \$7,343.46; Farmers State Bank, Crofton, 5 per cent, \$16,312.92; Commercial Exchange Bank, Doniphan, 2.85 per cent, \$3,232.68; Bank of Gretna, 20 per cent, \$37,859.90; Cedar County State Bank of Hartington, 15 per cent, \$25,903.73; Inman State Bank, 7 per cent, \$7,025.70; Madrid Exchange Bank, 9 per cent, \$10,123.39; German Bank of Millard, 10 per cent, \$14,029.37; Ponca Valley State Bank, Monowi, 6 per cent, \$4,898.42; Antelope County Bank, Oakdale, 5 per cent, \$6,209.17; State Bank of Omaha, 10 per cent, \$204,509; Citizens State Bank, Orchard, 15 per cent, \$16,254.59; State Bank of Ravenna, 10 per cent, \$17,620; First State Bank, St. Edward, 15 per cent, \$15,228.78; Shelby State Bank, 25 per cent, \$27,070.78; Verdigris State Bank, 10 per cent, \$14,752.30; Vesta State Bank, 5 per cent, \$4,731.84; Citizens State Bank, Wahoo, 10 per cent, \$30,335.07; Farmers State Bank, Wynot, 10 per cent, \$10,212.68.



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All items received at par.



... THE ...

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Talk Banking in Schools

The Omaha chapter of the American Institute of Banking announces that as part of its educational program, members of its public speaking class are giving short talks on banking in public grade schools of Omaha and Council Bluffs. Raymond A. Nelson, educational director, says these have been prepared by the national association and have the approval of school authorities.

535 Own Bank Stock

At the close of 1931, 535 Nebraskans owned 73,649 shares of stock in the Northwest Bancorporation, with which the United States National Bank and Stock Yards National Bank of Omaha are affiliated. There were 275 Nebraska stockholders at the close of 1930. Total number of stockholders is now 17,605, of whom 94 per cent live in communities served by the corporation.

Will Recommend Charter

Grant of a new charter for the failed First National Bank of Alliance, Nebraska, will be recommended to the comptroller of currency at Washington, D. C., it was announced recently by W. H. Donahue, national bank examiner from Kansas City.

The announcement was made following completion of a survey of accounts receivable and other assets of the defunct bank. The survey was made on petition of business men and ranchers who are interested in the reopening of the banking institution.

A Roman Display

Citizens of Rome carried their loose change in small banks in the pocket of their togas. To procure their coins it was necessary to break the bank.

A replica of the Roman banks was last month on display in the windows of the Council Bluffs Savings Bank. A Roman artist's conception of the ruling emperor is carved on the bank to serve as a constant reminder that Rome ruled and demanded tribute from patrician, plebeian and conquered nation.

Meet at Auburn

About fifty bankers gathered at the Auburn hotel in Auburn, Nebraska, recently, to attend the Regional Clearing House meeting. The district includes Nemaha, Richardson, Pawnee and Johnson counties and the towns represented were: Auburn, Brock, Peru, Johnson, Howe, Falls City, Humboldt, Dawson, Pawnee City, Tecumseh and Dubois. A splendid dinner was served after which the Auburn high school quartet and male quartet sang.

Addresses were delivered by M. Weil, president of the National Bank of Commerce, Lincoln, and Wm. Ryons, vice president of the First National Bank of Lincoln.

Minnesota Bank News



J. R. CHAPPELL
President

Officers Minnesota Bankers Association

President.....J. R. Chappell
Winona
Vice President.....Martin F. Ernst
St. Paul
Treasurer.....Walter L. Brooks
Bemidji
Secretary.....George Susens
Minneapolis



GEORGE SUSENS
Secretary

Heads County Association

C. J. Talle, Kenyon, was elected president of the Goodhue County Bankers Association at the annual meeting in Red Wing, Minnesota. Forty members of the organization were in attendance. Other officers named were J. H. Diercks, Pine Island, vice president; J. C. Johnson, Red Wing, secretary-treasurer, and C. J. Sargent, S. H. Lockin and H. M. Griffith, members of the executive committee.

The meeting opened with a business session at the Chamber of Commerce rooms, followed by the annual bowling tournament. B. Rippie, Zumbrota, mowed down a count of 221 to win in the out-of-Red-Wing class, while Dick Drew, with 238, was high for the local trundlers.

A banquet and program concluded the session, with Nels Lien, retiring president, officiating.

With Reconstruction Corporation

Lawrence J. Paulson, veteran Albert Lea, Minnesota, banker, has accepted an appointment under Secretary of Agriculture Hyde in the Minneapolis administrative offices of the Reconstruction Finance Corporation.

Annual Meeting

At the annual meeting of the Wayzata State Bank, Wazata, Minnesota, officers were elected as follows: P. W. Tibbetts, president; A. C. Frick, former cashier, vice president, and W. A. Zastrow, former assistant cashier, cashier. The regular 6 per cent dividend was declared.

New Bank at Winsted

Winsted, Minnesota, will again have a bank as the state security commission granted a new charter to the Citizens State Bank of Winsted at a hearing held in St. Paul last month.

Sufficient stock to capitalize the institution has been sold to Winfield business men and citizens, and with the charter to operate now granted, the bank will probably be established shortly after the first of April.

J. J. Sterner and John Maetzold of Lester Prairie and Marcel Ochu of Win-

sted represented the new bank at the hearing.

Frazee Banker Dead

Frank J. Kennedy, 58, president of the First National Bank of Frazee, Minnesota, died unexpectedly at his home last month. Mr. Kennedy was born in Minneapolis. Before coming to Frazee in 1919 he had been connected with the First National Bank at Paynesville, Minnesota, for 15 years. A widow and five children survive.

At Moose Lake

R. J. Lewis, president, and E. M. Peterson, cashier, of the First National Bank of Moose Lake, Minnesota, have disposed of their holdings in the bank to V. J. Michaelson, W. I. Korpela, O. A. Schultz and associates.

Under this arrangement the new officers of the local bank will be: V. J. Michaelson, president; F. A. Schweiger, vice president; W. I. Korpela, vice president, and O. A. Schultz, cashier. These officers, together with C. J. Dodge and L. H. Blacklock, will constitute the board of directors.

V. J. Michaelson was formerly of Cloquet. He was one of the assistant attorneys who handled the fire claims in 1919-23; former Carlton county attorney and now assistant attorney general of the state. W. I. Korpela has had long previous banking experience, having served as cashier of a bank on the range for eight years, and the last five years has served in the same capacity in the Kettle River Bank. O. A. Schultz has served as cashier of the State Bank of Mahtowa for the past fourteen years. He will retain his interest in and continue to manage the State Bank of Mahtowa. This bank will be operated as an affiliated institution.

Is Elected President

P. J. Thein has been elected president of the reorganized Clara City State Bank at Clara City, Minnesota.

At the stockholders meeting the following directors were elected: C. A. Fosnes of Montevideo, Dr. H. T. Foshager, P. J. Thein, P. A. Sanderson and H. G. Ros-

tomily of Golden Valley, North Dakota.

The directors met and elected the following officers: P. J. Thein, president; P. A. Sanderson and M. S. Carl, vice presidents, and H. G. Rostomily, cashier.

Mr. Rostomily comes from Golden Valley, North Dakota, where he has been in the banking business. He also served as bank examiner in North Dakota.

At Dillon

The First National Bank of Dillon, Minnesota, has elected officers as follows: J. H. Gilbert, president; G. D. Combes and W. W. Hawkins, vice presidents, and J. W. Rees, cashier.

At Roseau

The stockholders of the Citizens State Bank of Roseau, Minnesota, held their annual meeting recently and the following officers were elected: J. R. Chappell, president; Olaf Holdahl, vice president; J. L. Delmore, vice president; C. B. Dahlquist, cashier, and Margaret Rice, assistant cashier.

Directors elected were: Olaf Holdahl, J. L. Delmore, M. J. Hegland, Knudt Lee, Carl Listug, J. R. Chappell and C. D. Tearse.

Elected Vice President

E. E. Bailey has been elected vice president of the Bank of Barney, succeeding H. L. Cole, resigned. Mr. Cole is still a director of the bank.

Bancorporation Report

Northwest Bancorporation with its 138 affiliates ranks sixteenth in size in aggregate deposits among financial institutions in the United States, the annual report says. Deposits of the Northwest Bancorporation group make it seventh in size outside New York City.

For the year ending December 31, 1931, the corporation made gross earnings of \$24,191,509.39, compared with \$26,306,864.74. Reduction in expenses from \$19,532,857.15 to \$18,177,340.91 left operating earnings \$6,014,168.48 compared with \$6,774,007.59 for the previous year.

The report says, "It has been the continued policy of the corporation to maintain the highest standards of banking operation and to face facts as they appear, charging off determined losses and setting up adequate reserves to meet possible contingencies.

"In line with this policy the assets other than stocks of affiliated institutions have been written down to market, wherever prices were available, and, in other cases, to estimated realizable values of December 31, 1931. This resulted in setting up reserves of \$3,152,905, which amount has been deducted from the corporation's surplus. In addition, the corporation's investments in stocks of affiliated institu-

tions, which has been carried at cost, has been adjusted by the net reduction in the book value of the net tangible assets of the respective companies between the dates of acquisition and December 31, 1931.

"The directors have charged off \$6,100,759.90 in the year on loans and investments, substantially in excess of the amount set up by the national and state authorities who examined the banks.

"After making these charge-offs and setting up reserves, eliminating non-ledger assets and all good will value, the Bancorporation and its affiliated institutions have capital, surplus and undivided profits of \$52,465,657.29. Of this amount \$2,611,293.58 represents the interest of minority stockholders . . . and \$49,854,363.71 represents the corporation's interest in these institutions and its investments in other assets.

"It is equal to \$29.81 a share—or 60 per

cent more than the current market price of Bancorporation stock."

The corporation had at the close of the year 17,605 stockholders, compared with 12,757 on the corresponding date in 1930, who held 1,679,501 shares, compared with 1,673,912 a year ago. Of these 11,039 were Minnesota stockholders, holding 998,875 shares. Ninety-five per cent of all the stockholders live in the states where Northwest Bancorporation banks are located. Every officer and employee is a stockholder.

Operating earnings applicable to stock, the report said, were \$3.43 a share as compared with \$3.87 a share in 1930. Dividends amounting to \$1.80 a share were paid in the year, amounting to \$3,004,936.20. The earnings were equal to 6.86 per cent on the par value of the capital stock.

Rochester Banker Dead

Henry M. Nowell, Rochester banker for 48 years, died unexpectedly at his home last month in Rochester, Minnesota.

He had served as cashier, vice president and president of the Rochester National Bank until 1924, when the bank was sold to the First National Bank of Rochester.

His widow, one daughter and one son survive.

Bradstreet's Reports

There were 625 business defaults reported for the week ending March 3d, an increase of 9.1 per cent over the previous week, as against a normal expected gain of 4.8 per cent. Bradstreet's adjusted index of weekly failures now stands at 160.2, as against 153.8 in the preceding week and 169.0 two weeks ago, and 117.3 for the corresponding week of 1931.

Chrysler Exhibit

Six of the leading architects of the United States will submit designs for Chrysler Corporation's building and exhibit at the Century of Progress International Exposition to be held at Chicago next year. Announcement was made that with the sanction of the American Institute of Architects, the corporation is now conducting a competition among a selected group of eminent architects with a view to developing a design for an exhibit of its own that will be of outstanding public interest among the world's fair attractions.

Western Savings Conference

The two-day session of the Western Regional Savings Conference to be held in St. Louis on April 21st and 22d will be the final savings convention for the year, and preparations are now in full swing to make it an outstanding one. Attendance at the conference is expected to be swelled due to the fact that no meeting will be held this year on the Pacific coast, delegates from this region and all the midwestern and southern states being invited to St. Louis.

Municipal Dealers Group

An organization to be known as the St. Louis Municipal Dealers Group was formed at a meeting held recently at the Missouri Athletic Association in St. Louis. Membership will include investment houses in St. Louis interested in the organization of municipal bond issues, and the trust departments of affiliated institutions. The following officers were elected for a term of one year: Chairman, I. A. Long, Mercantile-Commerce Company; vice chairman, H. Fred Hageman, Boatmen's National Company; secretary, J. A. Nordman, St. Louis Union Trust Company; treasurer, Kelton E. White, G. H. Walker & Company.

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PAUL T. KRETSCHMAR
President

North Dakota Bank News

Officers North Dakota Bankers Association

President.....	Venturia	Paul T. Kretschmar
Vice President.....	Dickinson	T. A. Tollefson
Secretary.....	Fargo	C. C. Wattam

McFadden Retires

The recent retirement of Wm. C. Macfadden as secretary of the North Dakota Bankers Association marked the end of 29 years of service which this veteran secretary has rendered his organization. He is succeeded by C. C. Wattam, of Fargo, partner of the association attorney, George W. Thorp.

In a recent issue of *The North Dakota Banker*, Mr. Macfadden expresses this note of farewell:

"This issue of the *Banker* marks the end of my services as editor and secretary of our association, and I cannot turn away from these duties without a word of farewell to my many friends whose assistance, encouragement and many evidences of appreciation and friendship during the nearly 25 years I have been in your service, have made the work so interesting and pleasant.

"The fine letters I have received from those of you who have written me since it became known that I was to be relieved, are thoroughly appreciated.

"I regret the breaking of the very pleasant relations with members, officers of other associations and of the American Bankers Association that go along with work of this character.

"The many friendships that have resulted I hope will always last.

"I will continue to be interested in the welfare of the association and very glad to contribute to its success and value in any way I can.

"I thank you all and hope the sunshine of prosperity will soon dispel the clouds that have darkened the financial horizon and bring you the peace of mind you so well deserve.

WM. C. MACFADDEN."

Merger at Reynolds

Consolidation of the First National Bank of Reynolds, North Dakota, with the State Bank of Reynolds, the latter institution taking over the deposit liabilities of the former, was announced recently following a joint meeting of the directors of the two banks.

The national bank went into voluntary liquidation and the combined firm will

operate under the name of the State Bank of Reynolds in the building occupied by the state bank.

The consolidation was effected at a joint directors' meeting with J. K. Nesvik, Grand Forks, deputy examiner in the state banking department present.

Deposit liabilities of the national bank, totaling \$34,085.22, were taken over by the state bank, together with assets to offset the liabilities, bank officers reported.

Dickinson Banker Dead

H. C. Christensen, 81, rancher and former president of the Dakota National Bank, Dickinson, North Dakota, died at his home near Croff.

Lankin Bank Elects

All officers and the board of directors of the Citizens State Bank of Lankin, North Dakota, are local men, it was announced following election of officers. The officers elected are J. H. Vorachek, president; J. A. Witasek is vice president, and O. A. Bygland continues as cashier. The board of directors includes the president and vice president and R. J. Witasek and J. W. Witasek. The bank was organized in 1905 and is capitalized at \$25,000 with a surplus of \$5,000.

North Dakota News

THE STATE BANK OF REYNOLDS has assumed the deposit liabilities of the First National Bank of Reynolds, and the last named bank has discontinued business and gone into voluntary liquidation.

T. E. McCLINTOCK has been elected a director of the Merchants Bank, Rugby, to succeed E. R. Reitsch.

OLAF BURRESON has been elected a director of the Peoples State Bank of Aneta, succeeding C. C. Simonson.

STELLA M. HARALDSON has accepted a position as teller and bookkeeper of the Peoples State Bank of Aneta, to succeed her brother, Wesley C. Haraldson, who has resigned.

JOHN H. WISHEK, Jr., has been elected president and director of the Ashley State Bank, succeeding his father, J. H. Wishek, who passed away recently. Max A. Wishek has been elected vice president, and W. L. Johnson also remains a vice president of the bank.

E. E. PECK has been elected a director of the First State Bank of Burnstad, to succeed Mr. J. H. Wishek, Sr.

PAUL J. WISHEK succeeds his father, J. H. Wishek, Sr., as vice president and director of the Farmers State Bank, Danzig.

MAX A. WISHEK has been elected president and director of the First State Bank of Wishek, succeeding his father, Mr. J. H. Wishek, Sr.

C. L. JOHNSON, Paul Skarstad and Ralph Boe have been elected directors of the Security State Bank, Adams, to succeed T. J. Smith, F. L. Goodman and Hugh Reid, who have resigned. Mr. Johnson succeeds Mr. Smith as president, and Mr. Boe succeeds Mr. Goodman as vice president.

C. E. CHRISTERSON has been elected a director of the State Bank of Souris, to succeed H. T. Nordsletten, who has resigned.

A. J. WITASEK and J. W. MATEJCEK have been elected directors of the Citizens State Bank of Lankin, succeeding Fred L. Goodman and T. J. Smith, who have resigned. J. H. Vorachek, formerly vice president, has been elected president to succeed Mr. Smith, and J. A. Witasek has been elected vice president.

G. H. LAMB has been elected director of Lamb's Bank of Michigan City, to succeed J. M. Lamb who passed away recently, and J. S. Lamb, formerly cashier, succeeds him as president. John P. Lamb has been elected cashier.

How to Reopen Loans

Two questions regarding the matter of loans from the reconstruction finance corporation which have been bothering bankers in the northwest, and which have been referred to commercial west by a number of banks, were answered recently by Joseph Chapman, manager of the Minneapolis Loan Agency which is serving the ninth federal reserve district.

First of these is: How shall a bank report the loan on its statement?

That is a matter that has not been fully determined. Until instructions are received from Washington, however, Mr. Chapman states that the practice here thus far has been to mark them: "Due to Reconstruction Finance Corporation."

Northwestern Banker April 1932

L. L. Madland, national bank examiner for this district, advises commercial west that complete instructions with regard to the matter will be forwarded to national banks by comptroller J. W. Pole, with the forthcoming spring call blanks.

At the office of J. N. Peyton, Minnesota bank commissioner, Chief Deputy Swanson agrees with Mr. Chapman as to the designation. No instructions have been issued by the state bank commissioner's office.

The second question relates to the matter of interest. Mr. Chapman states that the rate is 5½ per cent.

A special meeting of the advisory com-

mittee for the northwest of the finance reconstruction finance corporation was held in Minneapolis recently to consider an important matter in connection with loans.

Washington and the Cherry Surplus

(*St. Louis Dispatch.*)

In this bicentennial year, the yarn about Washington and the cherry tree is catalogued as a flight of Parson Weems' fertile imagination, though long accepted as sober fact. It took Washington's reputation 126 years to live down that Little

Rollo story (it first appeared in print in 1806). It would be far more difficult, however, to debunk such a legend should it gain currency today. Such a report from a Virginia farm in 1932 would be meat, drink and dessert to the farm board wiseacres who specialize in solving the cotton problem by advice to plow under every third row and who grapple with the dairy situation by suggesting extermination of every tenth cow. These economic wizards would at once hail the little Washington boy as a patriot seeking to end the cherry surplus by using their methods. It would be simple to prove that a cherry surplus exists, what with the abundance of cherry queens in the orchard states, the vast number of cherry pies presented to the White House, and the radio crooners' unanimous mumbling that life is just a bowl of cherries. A new American myth, with farm board backing, would spring into existence, and the nation ring with the young hero's exploit, despite his protestations that he was merely trying out a new hatchet, or that it didn't happen at all.

Niagara Falls

What they would say—

Dorothy Parker: I'll take vanilla.

O. O. McIntyre: Milkman's paradise.

Peggy Hopkins-Joyce: Men may come and men may go, but I go on forever.

Groucho Marx: River beds? Ixnay.

Will Rogers: It must have rained here last week.

Roger Babson: What goes up must come down.

Calvin Coolidge: It is large. It is vast. It is the people's.

Irving Berlin: Just a cottage small, by a waterfall . . .

Ben Bernie: I hope I like it.

Aimee McPherson: Heavens!

Lloyd Mayer: It leaves me all of a twitter, I mean it actually does.

Jimmie Walker: Water, water everywhere, and not a drop to drink!

—*Illinois Siren.*

Glossary of Terms

Graduation is that process of getting rid of undesirable seniors in an honorable way by the process of—

Commencement, a boring function devised to test the stamina of—

Seniors, gents that have spent four uneventful years at some college or other in a feeble attempt to get some—

Knowledge, an illusive muse who cannot be secured by just a little—

Work, what the graduates are about to do at last after they finish with such things as—

Senior Singing, an outdoor form of vocal exercise.



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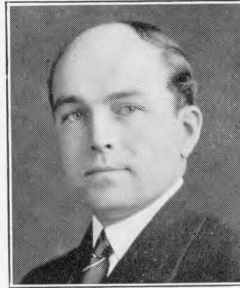
IOWA SECTION

Officers Iowa Bankers Association

President.....Ivan O. Hasbrouck
Jefferson
Vice President...C. J. Weiser, Sr.
Decorah
Treasurer.....Jos. J. Brus
Davenport
Secretary.....Frank Warner
Des Moines



IVAN O. HASBROUCK
President



FRANK WARNER
Secretary

Plan Trust Conference

The trust committee of the Iowa Bankers Association, under the chairmanship of E. A. Hoffman, vice president and trust officer of the Toy National Bank, Sioux City, are proceeding with dispatch in consummating arrangements for holding the *Third Annual Trust Conference of the Iowa Bankers Association*, which will be held this year at Council Bluffs on Thursday, April 7, 1932. Mr. Hoffman's committee has sent out a questionnaire to all the banks of the state asking for suggestions on (1) "round table" topics, (2) speakers, and (3) also making inquiry as to the number who will attend the trust conference from each bank. The questionnaire also contains a statement by Mr. Ivan O. Hasbrouck, president of the Iowa Bankers Association. The proceedings of the trust conference will be reported and later printed in a pamphlet and made available for distribution to the member banks.

The Iowa Bankers Association in holding its annual trust conference cooperates with the trust division of the American Bankers Association.

Farmers State, Jessup

The last statement of the Farmers State Bank of Jessup, Iowa, shows capital of \$25,000, surplus of \$35,000, undivided profits and reserve of \$28,566. Deposits are \$665,000 and bills payable, none.

Is Elected Cashier

J. M. Gemmel has been elected cashier of the Buchanan County National Bank of Independence, Iowa, succeeding L. V. Overholtzer. Mr. Gemmel has been in the banking business in Independence for the past twenty years and for four years has been assistant cashier of the Buchanan County National.

Iowa Bankers Radio

The Iowa Bankers Association police radio station is to be known as the "Iowa Police Radio Station." Its call letters are KGPV. President Ivan Hasbrouck and the administrative committee have said nothing about the construction of this sta-

tion until it should be completed, which was consummated this past month when it was put on the air. The station is to be dedicated to law enforcement in this state, for the free use of sheriffs, police departments and vigilantes. There will be a police hour in the morning and one in the afternoon, during which police information on major crimes will be broadcast. The attorney general will direct all sheriffs and police departments to have someone in their respective offices to take down crime information being broadcast during those hours. The state legislature joined with the Iowa Bankers Association in making this statewide low wave police radio system possible by passing a bill initiated by the Iowa Bankers Association and the attorney general's office, which requires boards of supervisors in the 99 counties to put one stationary receiving set in the office of each county sheriff and to put in one auto set in at least one of the sheriff's cars, and also requiring that all city councils in Iowa shall put in a stationary set in the office of the police departments; all of these sets to be "locked in" with the Iowa Bankers Association broadcasting station. It will take not less than 308 sets to cover all of the counties and cities. In addition to this, gas stations on the main highways are being asked to put in the same receiving sets, as well as banks and merchants, etc., all of whom will be given the same low price as is being obtained for the counties and cities.

The Iowa Bankers Association has been investigating this plan for more than a year, and initiated it because they felt that a more rapid means of communicating with the peace officers of the state is absolutely necessary, because good roads and high-powered cars have made the older and former methods of communication all the more antiquated. In setting up this new system Iowa is pioneering in a way that is entirely different from that in Michigan or Massachusetts, where one high-powered broadcasting station has been set up by those respective states.

The Iowa Bankers Association has been interested in law enforcement for more than forty years. Its officers have been leaders in developing new ideas from time to time throughout that period. This

"Iowa Police Radio Station" will be operated by remote control from the State Bureau of Criminal Investigation under the attorney general's office in the state house. This remote control equipment has been installed. The system will also permit the attorney general to talk to the law-enforcing officials, and direct to the county attorneys of the state at any time he may desire on any phase of law enforcement. It will permit the mobilization of all the law-enforcing officials of the state, whether marshals, regular deputy sheriffs, sheriffs, police, and last but not least, the more than 2,000 vigilantes in Iowa. The officers of the Iowa Bankers Association are determined to leave no stones unturned that will help to prevent and reduce bank robbery and bank burglary and thus reduce the bank insurance rates.

The administrative committee in charge of the details of setting up the station were:

1. Ivan O. Hasbrouck, president, cashier, Iowa State Bank, Jefferson.
2. Jos. J. Brus, treasurer, vice president, Union Savings Bank & Trust Company, Davenport.
3. Roscoe C. Macy, chairman, Group 6, Iowa Bankers Association, First State Bank, Lynnville.
4. Frank Warner, secretary, Iowa Bankers Association, 430 Liberty Building.

Cashier Resigns

J. P. Sloan, for several years past cashier of the Delaware County State Bank, Manchester, Iowa, has tendered his resignation. He has been succeeded by Ralph H. Griffin, heretofore an assistant cashier of the institution.

Thayer Banker Cleared

A jury of nine men and three women last month found William S. Gripp, 28, cashier of the Trayer Savings Bank, Thayer, Iowa, not guilty of embezzlement.

The bank was robbed in 1931 of all its records. Gripp was charged with embezzling of some of the school money of the Thayer consolidated school in 1931.

The state attempted to prove that Gripp embezzled \$14,000 from the bank by manipulating his personal account, his account as school treasurer and the account of his father, D. D. Gripp, of Thayer, and that discrepancies in records of the bank show this.

The defense claimed there had been no direct or definite evidence that Gripp profited in any way from the alleged discrepancies shown by the books, that there is no proof that Gripp was implicated in the robbery of the bank, that the bank was insolvent and so known to be by the directors before the robbery.

Goes to Clarence

J. C. Coonrod has accepted a position as cashier of the Clarence Savings Bank, at Clarence, Iowa.

Northwestern Banker April 1932

Mr. Coonrod has been connected with the Winfield State Bank, Winfield, Iowa, for 20 years. Everett Nordstrom will succeed Mr. Coonrod as cashier.

With Yeomen Mutual Life

Ray Yenter, former insurance commissioner of the state of Iowa, and chairman of the executive committee of the National Convention of Insurance Commissioners at the time he resigned from that office, has become connected with the Yeomen, Des Moines insurance company. The Yeomen is now called the Yeomen Mutual Life, having recently changed from a fraternal to an old line life company. Mr. Yenter is doing departmental work with the company. He resigned as commissioner to become president of the Federal Surety Company of Davenport.

Opens at Iowa City

The new First Capital State Bank of Iowa City opened March 28th, with much rejoicing on the part of the community and the first day brought in deposits of more than \$150,000. Deposits ranged all the way from single dollars to \$25,000. Messages of congratulation were received from banks throughout Iowa and from Chicago and other reserve cities.

The board of directors of the new bank entertained a group of out-of-town vis-

itors at an evening banquet. Among those present were:

L. A. Andrew, Iowa bank superintendent; Frank Warner, secretary of the Iowa Bankers Association; W. H. Brenton, president, the Iowa-Des Moines National Bank and Trust Co.; Charles W. Wnyart, vice president, the Valley National Bank, Des Moines; Herbert L. Horton, vice president, and Roy Capps, vice president, Iowa-Des Moines National Bank and Trust Co.; George Schaller, Storm Lake, director, Federal Reserve Bank of Chicago; Ed Furrow, vice president, Merchants National Bank, Cedar Rapids; John Burianek, president and Paul Huston, vice president, Peoples Savings Bank, Cedar Rapids; John Frankl, director, Iowa State Bank, Algona.

The correspondents for the new bank are the Iowa-Des Moines National Bank and Trust Company and the Harris Trust and Savings Bank of Chicago.

Lee Nagle, of Iowa City is president of the new bank and Frank D. Williams, of Algona, Iowa, is vice president and cashier.

New Iowa City Bank

At a meeting of the board of directors of the newly formed First Capital State Bank of Iowa City, Iowa, held immediately

after their election by the stockholders, Lee Nagle, local lumber dealer, was named president and Frank D. Williams, former president of the Iowa State Bank at Algona, was elected vice president and cashier.

Mr. Nagle has served as chairman of the Chamber of Commerce new bank committee since its formation. This committee took upon itself full responsibility for the organization of new banking facilities for Iowa City to replace the five defunct institutions.

Mr. Nagle has been active in business all his life. Born in Milton, he began his career there working for a lumber firm. He also worked for a short time in a Milton bank. After leaving Milton, he spent 20 years in Red Oak in the lumber and milling business and was also associated with the First National Bank there. He has served two terms in the state legislature, once from Van Buren county and once from Johnson county. He has been a resident of Iowa City for 10 years.

Mr. Williams has spent his entire business life in the banking business. He has served in three banks. His early banking experience was gained in Hampton; he was for four years cashier of the First National Bank of Sheffield; and for the last five years has been president of the Iowa State Bank of Algona. He is a graduate of the University of Iowa.

Bank Asks Charter

Articles incorporating the Parkersburg State Bank, Parkersburg, Iowa, were filed with the secretary of state last month. The bank will be capitalized at \$25,000. R. E. Cox was named president; A. J. Froming, vice president, and O. A. Bailey, cashier.

Goes to Algona

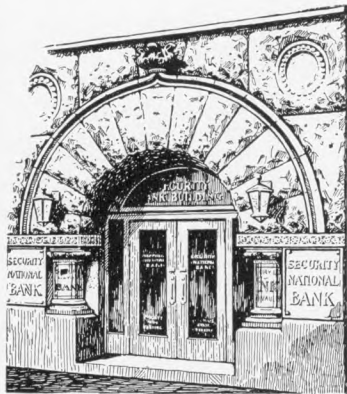
R. H. Miller, examiner in charge of the First Iowa State Trust and Savings Bank at Burlington, Iowa, will leave Burlington April 1st, to become president of the Iowa State Bank at Algona.

Although a native of Estherville, Mr. Miller had been engaged in receivership work in Algona and nearby communities for several years and now maintains his home there. He has been with the state banking department for six years. The Iowa State Bank of Algona, of which he will become president, has been established for four years.

New Bank at Solon

Last month marked the formal opening of the new Solon State Bank with capital of \$25,000 and surplus of \$5,000, at Solon, Iowa.

Officers are: President, Dr. Joseph Netolicky; vice president, Richard Adams;



OFFICERS

Leonard R. Manley President
C. C. Jacobsen Vice President
C. R. Gossett Vice President
R. Earl Brown Cashier
Delko Bloem Ass't. Vice President
Albert C. Eckert Ass't Cashier
Daniel B. Severson Ass't Cashier
Elmer O. Smeby Ass't Cashier

"Good Will"

One writer has said:

"Good will is the answer to good service, just as truly as poor service is the creator of ill will."

This bank has always placed "good will" among its list of assets and has backed it with "good service" at all times.

That is why today so many correspondent banks enjoy and appreciate the "good will" of the Security National.

SECURITY
NATIONAL BANK
of Sioux City

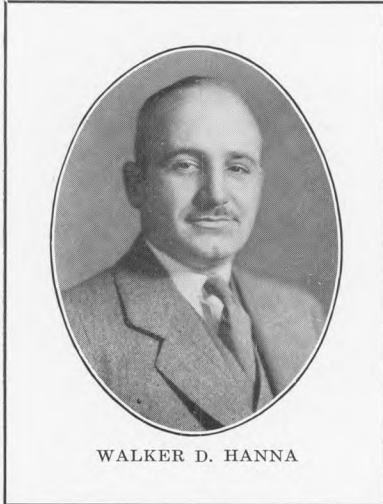
cashier, O. E. Markytan; directors, William Apitz, John Novy, William McLaughlin, James Kasper and William Uniek.

The bank is situated in the former Farmers State Bank building.

The Farmers State Bank and the Uleh Brothers State Bank, which closed their doors October 10th, made their first payment of 10 per cent to their depositors last month.

Walker D. Hanna Honored

Walker D. Hanna, president of W. D. Hanna & Company, investment bankers of Burlington, was recently elected com-



mander of the Burlington American Legion Post, succeeding Homer D. Banta who resigned when elected department vice-commander for Iowa. Mr. Hanna was formerly vice-commander of the Burlington Post and was a member of the American Expeditionary Forces in France.

Office At Huxley

The Union Story Trust and Savings Bank of Ames, Iowa, has opened an office in Huxley.

A petition signed by 150 residents of the Huxley community was submitted to the bank recently.

J. E. Bennett, assistant cashier of the bank and for many years assistant cashier of the Story County Trust and Savings Bank, will be in charge of the new office.

Found Guilty

Four St. Louis men were found guilty of possession of burglar tools after a district court jury deliberated an hour and a half last month in Des Moines.

Charges grew out of a purported attempt to rob the Capital City State Bank vault.

The tools were seized in a building just west of the bank December 12th.

In a previous trial for entering a bank with intent to rob, the men, who were arrested near the bank, were acquitted by directed verdict.

A separate verdict was returned for each

of the four, William Engler, Edward Willhite, John Lugar and Wineel Urban.

The Iowa statute provides an indeterminate prison term not exceeding 15 years for those found guilty of possession of burglar tools.

Dies in California

Mrs. Arthur S. Hanford, Sr., wife of the First National Bank president of Sioux City, Iowa, died last month in Los Angeles, California, after a long illness.

She had been an invalid several years and spent her winters in California. Her husband, founder of the Hanford Creamery Company, was at her bedside.

Survivors include a daughter, Mrs. John

H. Kelly, and a son, Arthur S. Hanford, both of Sioux City, and two sisters, Mrs. S. E. Chapin of Vinton, and Mrs. Emily McKee of Chicago.

Mrs. Hanford was born in England. She spent part of her childhood at Dubuque.

Addresses Des Moines A. I. B.

Frank Warner, secretary of the Iowa Bankers Association, spoke before the Des Moines chapter of the American Institute of Banking last month.

Andrew Given Loan Authority

L. A. Andrew, Iowa state superintendent of banking, as statutory receiver for

Be Constructive

“**BE** constructive”—that one phrase best describes the spirit in which we must face the business problems of 1932.

Many Iowa bankers already know the advantage of connections with the Bankers Trust at Des Moines—a bank that believes in finding the constructive way to handle any business situation.

BANKERS TRUST CO. BANK

Cor. 6th and Locust Sts., Des Moines
Capital \$1,000,000.00 Surplus \$200,000.00



insolvent banks and trust companies, has the right to obtain loans to pay depositors and creditors of the institutions, Attorney General John Fletcher held last month.

The attorney general found that Andrew "with the approval of the district court of the county wherein the subject bank is located" can borrow the money pledging the assets of the institution in his hands as a guarantee.

In the opinion, the attorney general stated that the banking superintendent was not "bound by the ordinary statutes governing common law receivers" and was not subject to the limitations placed on the latter class.

Is New President

Roy R. Bradbury was elected president of the Fidelity Savings Bank of Marshalltown, Iowa, following the annual stockholders meeting. Mr. Bradbury, who has been first vice president of the bank, succeeds the late H. J. Howe, dean of Marshall county bankers, who died last month.

The stockholders re-elected the entire board of directors with the exception of Mr. Howe and for the present the board will consist of one less director than formerly. The list of directors follows: A. A. Moore, E. N. Farber, Roy R. Bradbury, C. H. E. Boardman, A. T. Davis, M. C.

Berkley, Dr. Royal F. French and John W. Rank.

M. C. Berkley, who has been second vice president, is now the only vice president of the bank and other officers elected by the directors are: A. T. Davis, cashier; E. H. Nyce and E. J. Paul, assistant cashiers.

Page County Meeting

J. H. Peterman, vice president of the Page County State Bank of Clarinda, Iowa, was elected president of the Page County Bankers Association at the annual meeting last month at Clarinda.

R. H. Sawyer, assistant cashier of the Shenandoah National Bank, was re-elected secretary of the association and C. J. Liljedahl cashier of the First National Bank of Essex was re-elected treasurer. H. E. Ross, president of the Shenandoah National Bank, is the retiring president.

Remember Employes

Associates of the late Henry J. Howe in the Fidelity Savings Bank of Marshalltown, Iowa, are remembered in the Howe will and codicil filed for probate with the clerk of the district court.

Laurence Belknap, an employe of the bank and Mr. Howe's nephew, is to receive fifty shares of bank stock, the Howe homestead, and another piece of Marshalltown real estate, according to the terms of the will. Ten shares of bank stock are bequeathed to each of the following: R. R. Bradbury, Asa T. Davis, E. H. Nyce, Earl Paul, Harry Speers and Mrs. Mabel Ahrens.

Explains Crop Loans

An important conference was held March 12th to complete a statewide organization for the handling of the "1932 crop production loans" work in Iowa. At that conference were:

R. K. Bliss, director of extension division, Iowa State College, Ames, and state director of the "1932 crop production loans" work in Iowa under the secretary of the United States Department of Agriculture; W. H. Brenton, president, Iowa-Des Moines National Bank & Trust Company, Des Moines, chairman of the Iowa loan committee of the Reconstruction Finance Corporation; Carl Kennedy, assistant secretary, Iowa State Department of Agriculture, Des Moines; C. W. Enyart, executive vice president, Valley National Bank, Des Moines, member of Iowa loan committee of Reconstruction Finance Corporation; A. F. Beek, member Iowa loan committee of Reconstruction Finance Corporation, Ottumwa; W. A. Regan, secretary, Reconstruction Finance Corporation work in Iowa, Des Moines; B. F. Kauffman, president, Bankers Trust Company, Des Moines, chairman; Frank Warner, secretary, Iowa Bankers Association, Des Moines.

Plans were completed at that conference by which the "Iowa credit committee" of

**The
Omaha
National
Bank**

**ALWAYS
AT YOUR SERVICE**

the Iowa Bankers Association called on the officers of all the county bankers associations in Iowa to call special meetings of their members before March 20, 1932, and invite their county agents, the officers of all county farm organizations, and any and all other parties interested, and at that conference complete county plans for taking any and all applications for "1932 crop production loans." R. K. Bliss, director of the extension division of Iowa State College, Ames, sent a special letter to all of the county agents urging them likewise to get in touch with the officers of their local county bankers association and cooperate in the plans for these county meetings. Director Bliss and the United States Division Seed Loan Office at Minneapolis are supplying the Iowa Bankers Association with sufficient explanatory pamphlets so that copies of those pamphlets could be sent to each bank in the state in a special bulletin to each bank from the Iowa credit committee of the Iowa Bankers Association.

C. C. Jacobsen Returns

C. C. Jacobsen, vice president of the Security National Bank of Sioux City, last year president of the Iowa Bankers Association, is back at his desk following several months vacation and his many friends throughout the state will be delighted to learn that he is again in excel-



C. C. JACOBSEN

lent health. During his vacation he and his family covered more than 11,000 miles on a trip that took them through Texas, Louisiana, Mississippi, Florida and into Mexico.

Fifty Per Cent Dividend

A plan whereby \$1,620,000 of Peoples Trust and Savings Bank funds at Clinton, Iowa, will be made available to depositors was approved in Clinton county district court last month.

By the court's approval of this plan, a 50 per cent dividend will be credited to all depositors of record.

The plan includes an agreement with the City National Bank of Clinton whereby that bank will take over assets equal to the amount of deposits and liabilities assumed. The transfer of these assets is

effective at once. Remaining assets of the receivership will be in the hands of trustees, who will liquidate them as rapidly and as advantageously as possible.

Will Create Public Confidence

In order to create public confidence in the work of the Reconstruction Finance Corporation, the Iowa Bankers Association has started a campaign to reach every county in the state, explaining the purpose and results of the corporation's functioning. County meetings at which bankers, county agents, newspaper men and business men, civic club meetings, newspaper

Through this door
You'll Find Good Banking Service
and a Friendly Welcome

CENTRAL NATIONAL BANK
AND TRUST COMPANY
FIFTH AVE. - Between WALNUT and LOCUST
DES MOINES - IOWA

editorials and all sources of carrying this information to the public, are being utilized.

In a bulletin last month from the office of Secretary Frank Warner of the Iowa Bankers Association, the special committee on banking and agricultural credit facilities, headed by B. F. Kauffman, Des Moines, chairman, made this plea:

"Every business man and banker will know best how that can be done. Let us do everything we all can to restore confidence in ourselves and each other. Let us start today. Let us join in putting in the strongest possible blows backed in intense energy toward building up a new mass psychology on the business future of our state. Let us not let things drift any longer and carry us along in their current of indecision, non-leadership with all of its despondent and discouraging results. Let us by a mass movement take hold of this common problem to rejuvenate every line of business and join as a man to lead and guide the way out of this perplexing and confusing economic situation. We have it within our power to say what the mass psychology toward general business will be in the future. Our unlimited national resources and unexcelled ability as a people, if put vigorously to work will give an accounting of themselves that will be gratifying to us without measure. So let us do something individually and together and let us start today!"

Des Moines A. I. B. Contest

F. C. Atkins of the Bankers Trust Company was crowned speed king of Des Moines bank employes when he won the check totaling contest held by the Des Moines chapter of the American Institute of Banking last month.

It was the third successive victory for Atkins who "ran" 150 checks on a hand-operated machine in two minutes, eleven

seconds, and led three other Bankers Trust entries in what was nearly a grand slam of prize winning.

Elwood Compton of the same bank finished second just four seconds behind Atkins, and Art Erickson, another Bankers Trust entry, was third in 2:16.

Ray Garnes of the Iowa-Des Moines National Bank and Trust Company, broke into the select group with a time of 2:21 for fourth place, and Harold Dean of the Bankers Trust Company took fifth in 2:22.

East Des Moines banks took both places in the money counting contest. Guy Lines of the Capital City State Bank counted \$287.75 in bills and coin in two minutes, thirty-seven seconds. Allen Evans of the Home Savings Bank was right on his heels in 2:38.

Mrs. Charles Williams, Jr., wife of a Bankers Trust Company employe, took the prize in the money guessing contest when she came within \$1 of estimating the amount of money in a glass jar.

George Jorgensen, president of the chapter, announced that there were 59 entries in the check adding contest—the largest number since the annual contest was started more than 10 years ago.

Cash prizes were awarded the winners by James Robertson, manager here for the Burroughs Adding Machine Company. Robertson presented \$1 prizes to the 26 other contestants who finished the check adding under three minutes.

The \$1 winners in order of their time were:

Philip Gibson, Bankers Trust; Ward McCauley, Iowa-Des Moines; Francis Haag, Bankers Trust; R. L. Carson, Iowa-Des Moines; Paul Sinskey, Iowa-Des Moines; Helmer Johnson, Iowa-Des Moines; Bob Boudewyns, Bankers Trust; L. D. Champion, Valley National.

Noel Robinson, Iowa-Des Moines; S. G. Barnard, Bankers Trust; Rose Schneider,

Valley National; Lloyd Roe, Iowa-Des Moines; Dave Savage, Bankers Trust; Myrtle Rude, Valley National; G. Phillips, Bankers Trust; Ray Ellison, Home Savings.

Dave Phillips, Iowa-Des Moines; Frank Tamse, Capital City State; Bert Poeping, Iowa-Des Moines; H. W. Haines, Bankers Trust; James R. Brown, Iowa-Des Moines; Eddie Bliques, Central National; K. L. De Bolt, Bankers Trust; William Ellison, Bankers Trust; Wallace Miller, Iowa-Des Moines; Ray Miller, Capital City State.

Is Presidential Candidate

The candidacy of Mr. Fred J. Figge, president, Ossian State Bank, Ossian, for the presidency of the Iowa Bankers Asso-



FRED J. FIGGE

ciation is meeting with wide acceptance. For years Mr. Figge has served the bankers of his county and state through both his county association and state association, respectively. He has been a member of the legislative committee of the Iowa Bankers Association for a number of years and during a period when some of the most important bank legislation ever enacted in Iowa was passed; for one year he served as chairman of that committee.

Mr. Figge and his two sons are interested in three banks, the Ossian State Bank, Ossian, where Mr. Fred J. Figge resides; the Iowa State Bank, Calmar, where Mr. R. B. Figge is cashier; and the Iowa State Bank, West Bend, where Mr. V. O. Figge is vice president.

Brann at Newton

The Jasper County Savings Bank of Newton, Iowa, has added a new assistant cashier to its bank force in the person of D. B. Brann of Des Moines.

1876

1932

PROGRESS

Just as progress is being made by our government to re-establish confidence and stability, so has this bank made progress since 1876 in improving its service to its correspondent customers.

Consolidated National Bank

DUBUQUE, IOWA

J. K. Deming, President

Geo. W. Myers, Vice President

Jos. W. Meyer, Cashier

Mr. Brann's boyhood home was at Knoxville, Iowa. After going through the public schools at Knoxville, he became interested in the banking business and was for several years engaged in his profession in Centerville, Iowa, where he was employed in the old Governor Drake Bank. Later he was with the Federal Reserve Bank of Chicago for about eight years and was for some time associated with the Central National Bank at Des Moines. He has had 16 years' banking experience.

Carlton B. Toy Dead

Carleton B. Toy, one of Sioux City's most prominent bankers, president of the Toy National Bank, vice president of the Farmers Loan and Trust Company and a' so vice president of the Iowa Joint Stock Land Bank, all of Sioux City, died last month at Tucson, Ariz., following a lingering sickness.

Mr. Toy was born at Storm Lake, Ia., July 28, 1886, and later moved with his parents to Sioux City. After attending the public schools there, he attended the Mercersburg, Pa., and Morgan Park academies. He and Miss Florence Lang, of Sioux City, were married in 1910.

Associated with his father, James F. Toy, in the banking business for more than 23 years, Mr. Toy, at the time of his death, was president of the Toy National Bank and of the First Trust and Savings Bank at Anthon. He also was an officer of the Farmers Loan and Trust Company and of the Iowa Joint Stock Land Bank, of this city. During 1931, he was president of the Sioux City Clearing House association.

Active in Sioux City social and civic circles, Mr. Toy was a member of the Sioux City Boat club, the Country club, the Chamber of Commerce and the Greater Sioux City committee.

Will Remodel

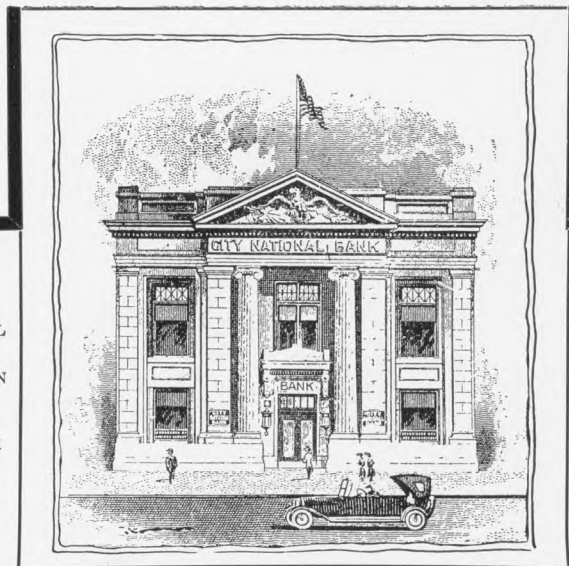
The American Savings Bank of Burlington, Iowa, has let the contract for \$15,000 worth of remodeling to C. M. Hohlen, Burlington contractor, it was announced last month.

John C. Bryant Dead

John C. Bryant, 63, cashier of the Red Oak Trust and Savings Bank, Red Oak, Iowa, since its inception nearly 26 years ago, died at the Red Oak hospital last month. Before he came to Red Oak in 1898 he was for six years engaged in the banking business at Griswold. It was there that he received his first training for a banking career.

After coming to Red Oak in 1898 he joined the Red Oak National Bank and at the turn of the century was employed at that institution. In 1906 the Red Oak Trust and Savings Bank was organized. Mr. Bryant was made cashier.

For the last 25 years this institution had



OFFICERS

G. L. CURTIS
President
MILO J. GABRIEL
Vice President
W. A. ANDERSON
Vice President
O. P. PETTY
Vice President and
Trust Officer
H. G. KRAMER
Vice President
A. R. THURN
Vice President

OFFICERS

J. H. NISSEN
Cashier & Assistant
Trust Officer
EMIL
JOHANNSEN
Assistant Cashier
H. M. OLNEY
Assistant Cashier
F. E. CONOVER
Assistant Cashier
F. H. HAMANN
Assistant Cashier

Clinton County's Largest Bank

"ALL'S WELL"

Last month some "uninvited guests" withdrew \$100,000 from our bank---it was redeposited within 5 hours---the "guests" are now serving life terms. But they did not, nor could not, rob us of

1. Our good name.
2. Our record of service or
3. Our satisfied correspondents.

May We Serve You?

THE CITY NATIONAL BANK

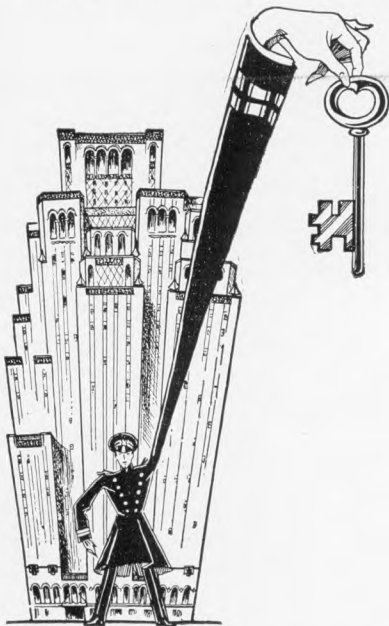
CLINTON, IOWA

Assets Over \$9,000,000.00

DIRECTORS

W. A. ANDERSON Vice President	E. J. CURTIS. Vice President Curtis Bros. & Co.	E. L. MILLER Attorney
C. A. ARMSTRONG President C. F. Curtis Company, Inc.	G. L. CURTIS, President President Curtis Companies, Inc.	J. PETERSON, O. P. PETTY, Vice President
A. A. BENTLEY President Fidelity Life Association	G. W. DULANY, JR. President Eclipse Lumber Co. Chairman Climax Engineer- ing Co.	H. W. SEAMAN
A. P. BRYANT Manager of Operations Clinton Corn Syrup Refining Co.	MILO J. GABRIEL, Vice President President Gabriel Lumber & Fuel Co.	J. O. SHAFF, Farmer and Live Stock Dealer
O. D. COLLIS, President The Collis Co.	B. M. JACOBSEN, Congressman Second Iowa District	F. H. VAN ALLEN, President J. D. Van Allen & Son, Inc.
		G. E. WILSON Pres. Clinton Bridge Works

**WELCOME
TO
NEW YORK AND
THE
HOTEL
GOVERNOR
CLINTON
31ST ST. AND 7TH AVE.
OPPOSITE
PENNA. R.R. STATION**



A pre-eminent Hotel of 1200 Rooms, each having Bath, Circulating Ice Water and many other innovations featuring a sincere spirit of hospitality.

RADIO IN EVERY ROOM!

B. & O. Buses Stop at the Door.

ROOM AND BATH \$3 UP

Northwestern Banker April 1932

been Mr. Bryant's "child," his hobby and his business. He babied the business in its early days, took delight in moulding it into a strong bank and in watching it stretch out its influence over a county in which he had abundant faith. At its twenty-fifth anniversary in May last year, Mr. Bryant and B. B. Clark were the only two remaining members of the original board.

Third Annual Trust Conference

The official program for the Third Annual Trust Conference of the Iowa Bankers Association, to be held Thursday, April 7th, at the Chieftan Hotel, Council Bluffs, has just been released. The program starts at 9:15 a. m. and adjourns at five in the afternoon.

Speakers and subjects are as follows:

FORENOON SESSION

- 9:15 A. M.
(1) Meeting Called to Order...E. A. Hoffman Vice Pres. and Trust Officer, Toy National Bank, Sioux City; Chairman, Committee on Trust Business of the I. B. A.
(2) Remarks.....Chairman E. A. Hoffman
(3) A Word of Welcome.....H. L. Tinley President, Council Bluffs Clearing House Ass'n.; Cashier, State Savings Bank, Council Bluffs.
(4) Response to the Address of Welcome.....C. F. Harris Cashier, State Bank, Gladbrook.
(5) Appointment of Committees.....Chairman E. A. Hoffman
(a) Resolutions Committee.
(6) A Word from the I. B. A. President.....Ivan O. Hasbrouck Cashier, Iowa State Bank, Jefferson; President, Iowa Bankers Association.
- 9:45 A. M.
(1) Report of Mid-Winter Trust Conference of A. B. A.....Clyde H. Doolittle Trust Officer, Iowa-Des Moines National Bank & Trust Company, Des Moines.
10:30 A. M.
(2) Some Things to Remember in Closing an Estate.....E. R. Jackson Trust Officer, Council Bluffs Savings Bank, Council Bluffs.
11:15 A. M.
(3) Life Insurance Trusts.

LUNCHEON

- 12:00 Noon
(4) Adjournment for Luncheon — Ballroom, Mezzanine Floor.
1:00 to 1:30 P. M.
(5) Oddities in Wills.....William H. Lawrence Attorney and Assistant Trust Officer, Mercantile-Commerce Bank & Trust Co., St. Louis, Missouri.

AFTERNOON SESSION—2 P. M.

PART I

- “Corn Room,” Mezzanine Floor
2:00 to 3:15 P. M.—Trust Investments.
Presiding Officer—L. B. Bartholomew, Vice President, Bankers Trust Company, Des Moines.
(1) Authorized Securities Under Iowa Law.
(a) Federal Bonds.
(b) Federal Land Bank Bonds.
(c) State Bonds.
(d) Municipal Bonds.
(e) Real Estate Mortgage Bonds.
(f) Corporate Mortgages.
(g) Railroad Bonds.
(h) Bonds guaranteed by railroads.
(i) Public Utility Bonds.
(2) Insufficiency of Present Iowa Law Covering Trust Investments.

PART II

- “Beau Arts” Room, Mezzanine Floor
2:00 to 3:15 P. M.—Insurance Trusts.
Presiding Officer—Geo. D. Harris, Manager, Trust Department, Commercial National Bank, Waterloo.
(1) Personal Life Insurance Trusts.
(a) Advantages to the insured and his family.
(b) Benefits to Life Underwriters.
(c) Benefits to the Trustee.

- (2) Business Insurance Trusts.
(a) Advantages to the insured, his business and his family.
(b) Benefits to Life Underwriters.
(c) Benefits to the Trustee.
(3) Cooperation Between Trust Departments and Life Underwriters.
(4) Property Wills and Life Wills Compared.

PART III

- “Corn Room,” Mezzanine Floor
3:15 to 4:30 P. M.—Administration of Estates.
Presiding Officer—J. M. Hutchinson, Trust Officer, Cedar Rapids Savings Bank & Trust Company, Cedar Rapids.
(1) Trust Record Form.
(2) Responsibility of the Trustees and Executors.
(3) Discussion of all forms of taxes.
(4) Practice of Law.
(5) Handling real estate owned in other States.
(6) The most novel and interesting trust I ever handled.
(7) Any other questions on this topic that may occur to those in the audience.

PART IV

- Ballroom, Mezzanine Floor
4:30 P. M.—Reassembling in the Main Conference Room (The Ballroom)
Following the individual “sub-conferences” all are asked to reassemble in the main meeting room for:
(1) Report of the Resolutions Committee.
(2) General Summary of the Day’s Conference.....E. A. Hoffman Chairman, of the “Committee on Trust Business” of the I. B. A.
(3) Any New Business.
(4) Unfinished Business.
5:00 P. M.—Adjournment.

Bureaucrat, 1767 Style

When Columbia University in 1930 bought the library of economics owned by Professor Edwin R. A. Seligman it enriched the rare books department of the university library. That department has drawn from the Seligman collection the material for a display of 150 books on “Depressions the World Has Lived Through.” The volumes cover eight distinct periods of economic trouble which have afflicted Europe and the United States since 1700. Miss Wilcox, in charge of the Seligman library, reports that these books on past depressions “are practically all the same.” Those published since the development of industry nearly all blame technological unemployment. For the past two centuries, as the exhibition shows, economists have declared “theirs is the worst depression that ever happened—and they all offer the same panaceas.”

But is it with noticeable pleasure that the librarian describes one original remedy for national debt: “An anonymous wag of 1767 advocated that all marriages in the British Empire be dissolved and that couples desiring to remarry be obliged to pay a considerable license fee to the government.” He proposed to repeat the process annually. According to his theory, the innovation would increase the number of marriages, “since all young bachelors wary of matrimony . . . would be glad to risk it when it meant bondage for only one year.”

Although the author of this scheme is unknown, it is highly probable that he was a government employe, a dyed-in-the-wool bureaucrat of 1767. Doubtless if the idea had been accepted he would have bobbed up with an earnest plea to be put

in charge of the new government department necessary to handle the results of such a measure. He knew that his "Scheme to Pay Off the National Debt by Repeal of the Marriage Act" would create a large staff to investigate applications for licenses and to consume the fees, an outlook likely to make any bureaucrat happy.—New York *Sun*.

Record Off Gold

It will probably be as much a surprise to the Communist who wrote the London *Morning Post* a short time ago giving explicit plans for turning his country over to a Soviet regime as it is to us that, after less than six months off the gold standard, Britain has won her battle, that she will balance her budget at the end of the fiscal year, and that she may even show a surplus in the treasury. Yet Britain is not satisfied with these accomplishments in the few short months; there is a movement in parliament to continue off gold for another year, for further bolstering. The original suspension measure, adopted September 21st last year, will expire on March 21st. The extension bill has already passed first reading in the commons.

It may be recalled that when the standard was abandoned last fall it was after an apparently lost fight for balance when loans from the United States and France totaling \$650,000,000 had failed to do any good. The treasury has spent \$400,000,000 of foreign credits and the Bank of England \$250,000,000 in the vain battle to retain the traditional standard. At that time the outlook for all of the major powers was one streak of black and ingrowing gloom. A total of \$750,000,000 of American gold was quickly withdrawn by nations which had lost all faith in all currencies.

Off gold, Britain began to look about. Since the domestic prices were kept down by the decline in sterling, exports were speeded. The premium commanded by gold in terms of the pound and other British currencies set the metal pouring into London, but it did not rest there; sales on the British bullion market to France and the United States built up foreign balances for Britain. Part of the British foreign debt was ready for payment as early as October; more came last month; and now the treasury sees its way clear to pay off \$200,000,000 of the \$400,000,000 borrowed from French and American bankers. And these sums are not yet due.

By the middle of February the deficit in the British treasury for the fiscal year had been brought down to about \$250,000,000 from \$350,000,000 the previous year. Ordinary revenues had increased about \$31,000,000 for the period, and total expenditures including sinking fund had dropped about \$52,000,000.

Grudges which the new tariff bill may arouse have not had time, of course, to register on the books. Yet this is a remarkable record for a nation which so short a time ago was feeling bleak. No little part of the quick recuperation is due to the tremendous flow of gold from India, where it had been hoarded in ornaments and the like in the palaces of the great for generations.—From Chicago *Journal of Commerce*.

New Uses for Steel

The discovery of new uses for steel which will bring back the ready absorption of large scale production is predicted by Myron C. Taylor, chairman of the finance committee of the United States Steel Corporation in a book published containing the views of twenty-one business leaders.

The volume which is called "A Basis for Stability" was written by Samuel Crowther in collaboration with the heads of large industrial companies.

Pointing out the new uses for steel which were developed in recent years and declaring that further development is to be expected, Mr. Taylor says with regard to his own company:

"Our company has never made provision for a poorer and weaker America. We have always planned for a richer and stronger America. Thus far we have not been wrong. We are not making any provision for being wrong in the future. We have, within a few years, spent \$250,000,000, the better to fit ourselves for future business."

Sees Shorter Working Week

Taking up the possibility that plants will not be worked at capacity rates, he makes the following observations on methods for reducing labor.

"If it be true that the national plant capacity of industry is not destined always to work at capacity, it may be well that short work days are not the solution, but that, on the contrary, the plant will function best if it is operated continuously

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and the work week, not the work day, shortened."

Alfred P. Sloan, president of General Motors Corporation, declares that the financial machinery of the country failed to increase in efficiency with the improvement in industrial production. The difficulty has been, he says, the failure of purchasing power to increase in correspondence with the increased productive capacity of business.

New Business Campaign Effective

The Master Thrift System, of Milwaukee, which specializes in personal solicitation of new bank accounts and is working in conjunction with a number of banks in the middle west, reports fine progress in the matter of building bank deposits for individual banks, and in combatting the evils of hoarding.

One of the progressive banks of Minnesota, the Austin State Bank, has recently conducted such a campaign, working with representatives of the Master Thrift System, and A. V. A. Peterson, president, is very enthusiastic over the results. Speaking of the campaign, Mr. Peterson says:

"The high manner in which this was conducted, which naturally we watched carefully, is commendable, and we know of no one who was misinformed. Personally I have not the slightest hesitancy in recommending it to banks that desire to increase their savings deposits, and one feature that was noticeable, was the fact that the amount of cash received, shows that we touched the hidden sources of money rather than affecting our competitor in any way."

Announces Committees

Bert N. Mills, president of the Insurance Advertising Conference, announces the personnel of two committees serving the general organization.

Standards of Practice: Henry Putnam of the John Hancock Life, chairman; L. J. Evans, Register Life; Arthur H. Reddall, Equitable Life; F. Sidney Holt, Aetna Insurance Company; E. C. Smith, Western & Southern Indemnity Co.

Publicity Committee: Harold E. Taylor, The American Group, chairman; Chauncey S. S. Miller, North British and Mercantile; Frank Price, The Prudential; Stanley Witne, Aetna Casualty and Surety Co.

Go Up One!

Teacher: "Anonymous means without a name. Now give me a sentence using this word."

Pupil: "Our new baby is anonymous."

IN THE DIRECTORS ROOM



Case of Necessity

A stout woman wedged into a crowded street car had difficulty getting into her tightly buttoned jacket pocket to extract her fare.

"Madam," said the man next to her, during her fruitless struggles, "let me pay your fare."

She protested rather indignantly.

"My only reason for wishing to do so," he said, "is that you've unbuttoned my suspenders three times trying to get into your pocket."—N. O. T. and L. News.

With Reservations

Little Bobbie: "Mother, have I been a good boy lately?"

Mother: "Yes, dear, a very good boy."

Bobbie: "And do you trust me, Mother?"

Mother: "Why of course, Mother trusts you, son."

Bobbie: "Then why do you go on hiding the jam?"—Progressive Grocer.

Yes, Indeed!

A druggist recently sent a shipment of ice cream by parcel post with the inscription:

"If not delivered in five days, never mind."

No Laughing Matter

"What is the matter, darling?" asked Mrs. Smith, when her small son came to her in tears.

"Papa was hanging a picture and it fell on his toe," responded the child between sobs.

"But that is nothing to cry about," replied Mrs. Smith cheerily, "you should have laughed at that."

"I did," said the boy.—Selected.

Taking No Chances

The hotel was burning, and the fire roared nearer and nearer to the guest marooned on the window ledge on the sixteenth floor. Below him a dozen firemen were holding a large canvass for him to jump into, but their shouts and signals were in vain. Finally, on the twentieth try, one managed to make himself heard just as the walls were on the point of falling.

"Jump!" he screamed, "Why don't you jump?"

"Not till you lay that sheet down on the

ground," the victim bellowed back. "I'm afraid you fellows will drop it!"

A Modern Tip

A lion met a tiger
As they drank beside a pool.

Said the tiger, "Tell me why
You're roaring like a fool."

"I'm not foolish," said the lion,
With a twinkle in his eyes.

"They call me King of Beasts
Because I advertise."

A rabbit heard them talking
And ran home like a streak.

He thought he'd try the lion's plan,
But his roar was just a squeak.

A fox came to investigate,
Had luncheon in the woods.

So when you advertise, my friends,
Be sure you've got the goods.

One Pair

First Old Maid: "Would a stocking
hold all you want for Christmas?"

Second Old Maid: "No, but a pair of
socks would."

Scotch

A Lesson in Salesmanship: "The guy
who sold the lady a two-pants suit in which
to bury her husband."

Volsted

Prohibition may have removed one rail
from the old-time saloon, but it placed one
more on the political fence.

That's That!

Willie: "Pa, if the baby ate some tad-
poles would it give him a big, bass voice
like a frog?"

Papa: "Gracious, no! It would kill
him!"

Willie: "Well, it didn't."

Just Imagination

Insurance Man: "Lady, any insanity in
your family?"

Lady of the House: "No, only my hus-
band often imagines he's the head of the
house."

It Sure Does

Fred: "They say if there's anything
in a man, travel will bring it out."

Ted: "Yes, I found that out the first
day at sea."

All Wet

Professor: "Bridget, do you know any-
thing concerning my wife's whereabouts?"

Bridget: "Yes, sir; I put them in the
wash."

No More Baths

Mother: "Willie, never do anything
which you would be ashamed for the whole
world to see."

Willie: "Hooray! Then I won't have
to take any more baths!"

All Washed Up

Nurse: "The patient in Room 204 is
very good looking, doctor."

Doctor: "Yes, but never mind washing
his face. Four other nurses have done it
already."

So Do We!

Doctor: "Ever have any trouble with
dyspepsia?"

Patient: "Only when I try to spell it."

"On the Level"

No man can do his level best unless he
is on the level.

Back Seat Driving

Autoist: "Have you that kind of gas
that stops knocking?"

Attendant: "Yes, we sure have."

Autoist: "Then give some to my wife
in the back seat."

Aye, Aye!

A fool there was and he saved his rocks,
Even as you and I.

But he took them out of the old strong box
When a slicker called with some wildcat
stocks,

And the fool lost all but his shirt and socks,
Even as you and I.

The Minister

The parson received as a Christmas
present a jar of brandied peaches. His
acknowledgment read:

"Thank you, not alone for the peaches,
but for the spirit in which they were sent."

Northwestern Banker April 1932

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